

STATUTORY REPORT

LEFLORE COUNTY TREASURER

May 31, 2016



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**APRIL CAUGHERN, COUNTY TREASURER
LEFLORE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 31, 2016**

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Oklahoma State Auditor & Inspector

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August 11, 2016

BOARD OF COUNTY COMMISSIONERS
LEFLORE COUNTY COURTHOUSE
POTEAU, OKLAHOMA 74953

Transmitted herewith is the LeFlore County Treasurer Statutory Report for May 31, 2016. The engagement was conducted in accordance with 74 O.S. § 212.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR



Oklahoma State Auditor & Inspector

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April Caughern, LeFlore County Treasurer
LeFlore County Courthouse
Poteau, Oklahoma 74953

Dear Ms. Caughern:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures:

- Determine whether bank reconciliations are properly performed, visually verify the certificates of deposit, and confirm the investments.
- Determine whether subsidiary records are reconciled to the general ledger.
- Determine whether deposits and invested funds are secured by pledged collateral.

All information included in the bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer.

Our county treasurer statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of LeFlore County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

June 30, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-2 – Bank Accounts Not Listed on General Ledger

Condition: There were two (2) bank accounts that federal and state tax withholdings deposits are issued from that are not listed on the general ledger.

Additionally, reconciliations are not being performed on these accounts.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all accounts are reconciled, approved, and accurately presented on the general ledger.

Effect of Condition: These conditions resulted in unrecorded transactions, misstated financial reports, and undetected errors.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that all bank accounts be listed on the general ledger. Additionally, all accounts of the County Treasurer should be reconciled monthly. Any variances or discrepancies should be researched immediately and be corrected in a timely manner.

Management Response:

County Treasurer: These accounts have never been on the general ledger due to the fact that the Treasurer's office did not open the accounts and does not receive the bank statements. I will look into finding out what steps need to be taken to add these accounts to the general ledger.

Criteria: An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance that financial records are timely reconciled and financial ledgers are maintained in an accurate and complete manner. Further, good internal controls would include proper monitoring and reviews for accuracy of financial information.

Finding 2016-3 – Subsidiary Ledgers (Repeat Finding)

Condition: Reconciliations between the general and subsidiary ledgers are not performed on a regular basis. The following exceptions were noted:

- Reconciliations were not performed between the general ledger and school district joint account. An unidentified variance of \$264.80 was noted. This variance was due to a 1997 outstanding warrant.
- Reconciliations were not performed between the general ledger and individual school account. An unidentified variance of \$1,411.76 was noted.

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- Reconciliations were not performed between the general ledger and municipal accounts. A variance of \$7,935.09 was noted of which \$1,914.00 was prior year outstanding warrants and the remaining \$6,021.09 is unknown.
- The County Treasurer's outstanding warrants list included warrants from fiscal year 2011 and 2012, which had cleared the general bank account.

Cause of Condition: This is a repeat finding included in the prior three years reports and subsequently procedures were not designed and implemented to monitor and reconcile subsidiary accounts to the general ledger.

Effect of Condition: This condition resulted in incomplete and inaccurate amounts being reported on the general and subsidiary ledgers. This condition could result in unrecorded transactions, misstated financials reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends that the official depository, municipal, and school subsidiary ledgers be maintained and reconciled to the general ledger on a monthly basis.

Management Response:

County Treasurer: I am aware of the variance between the general ledger and the subsidiary ledgers. I know that some of the variances are due to an error that occurred when inputting data from the Clerk's system to the Treasurer's system. I plan to discuss this with our software provider to find a solution to the problem.

Criteria: Safeguarding controls are an important aspect of internal controls. Safeguarding controls relates to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as maintaining subsidiary ledgers and reconciling them to the general ledger, are deficiencies in internal controls.



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