

STATUTORY REPORT

LEFLORE COUNTY TREASURER

February 28, 2017



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

**APRIL CAUGHERN, COUNTY TREASURER
LEFLORE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
FEBRUARY 28, 2017**

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Oklahoma State Auditor & Inspector

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June 30, 2017

BOARD OF COUNTY COMMISSIONERS
LEFLORE COUNTY COURTHOUSE
POTEAU, OKLAHOMA 74953

Transmitted herewith is the LeFlore County Treasurer Statutory Report for February 28, 2017. 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 that reads 'Gary A. Jones'. The signature is fluid and cursive, with the first name 'Gary' being the most prominent.

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



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

Dear April:

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

April 27, 2017

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-01 – Bank Accounts Not Listed on General Ledger (Repeat Finding)

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

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 and could result in misstated financial reports and undetected errors.

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

Management Response:

County Treasurer: The accounts mentioned above have never been on the general ledger since inception and were not opened by the Treasurer at the time or an employee of the Treasurer's office.

Auditor Response: These accounts should be listed on the general ledger and reconciled on a monthly basis.

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 2017-02 – Subsidiary Ledgers (Repeat finding)

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

- Reconciliation was not performed between the general ledger and individual school account. An unidentified variance of \$1,412 was noted.
- Reconciliation was not performed between the general ledger and school district joint account. A variance of \$265 was noted, which is due to a 1997 outstanding warrant.

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- Reconciliation was not performed between the general ledger and municipal accounts. A variance of \$9,498 was noted of which \$1,914 was prior year outstanding warrants and the remaining \$7,584 is unknown.

Cause of Condition: This is a repeat finding included in the prior four (4) 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 could result in incomplete and inaccurate amounts being reported on the general and subsidiary ledgers.

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

Management Response: I am aware of the variance between the general and subsidiary ledgers on the three accounts mentioned above. Some of the variances are due to a computer glitch between the County Treasurer's system and the County Clerk's system. The variation on the municipal accounts has to do with some towns/cities being without a Treasurer and their checks are being withheld. I will contact software vendor and inquire on a possible solution to correct this.

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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