

**LINCOLN
COUNTY
TREASURER
TURNOVER**

OCTOBER 29, 2009

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
BABE MILAM
LINCOLN COUNTY TREASURER
OCTOBER 29, 2009**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

December 7, 2009

BOARD OF COUNTY COMMISSIONERS
LINCOLN COUNTY COURTHOUSE
CHANDLER, OKLAHOMA 74834

Transmitted herewith is the Lincoln County Treasurer Officer Turnover Statutory Report for October 29, 2009. The engagement was conducted in accordance with 19 O.S. § 171.

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Babe Milam
Lincoln County Treasurer
Lincoln County Courthouse
Chandler, Oklahoma 74834

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for October 29, 2009:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the County Treasurer's account balances reconcile with bank records, and all funds are properly covered by pledged collateral per 62 O.S. § 511.

Information addressed in this report is the representation of the respective county officers.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, equipment items on hand agreed with inventory records; the amount of total claims approved for the operation of said Office was not in excess of limitations; the Office was not exceeding the maximum amount of cash authorized for their change needs; a monthly report of the Office was on file with the County Clerk; the County Treasurer's account balances reconciled with bank records; and all funds were properly covered by pledged collateral. With respect to segregation of duties, our finding is included in the accompanying schedule of findings and responses.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

December 3, 2009

COUNTY OFFICER TURNOVER STATUTORY REPORT
BABE MILAM
LINCOLN COUNTY TREASURER
OCTOBER 29, 2008

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2009-1 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and test work performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the Treasurer's office were not properly segregated to assure adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions:

Kathy Sherman, incoming Lincoln County Treasurer

In response to your letter dated November 23, 2009, regarding the exit audit, I am including steps of our current procedures with corrections.

1. All computers (2 at counter and 1 at each desk) are equipped with a cash register validator and cash box. At the beginning of a transaction in the cash register, the deputy must log in on that station before entering any data. At the completion of transaction(s), deputy logs off. The money for any transaction completed at a particular station must be placed in the cash box for that station. At the end of the day, a deputy closes out the station by counting the money and balancing it with the reports for that station. Usually, the same person closes out the counter stations. To correct this problem, we will rotate persons closing out counter stations.
2. The bookkeeper balances all receipts from each deputy and prepares the deposit. The treasurer takes the deposit to the bank.
3. The bookkeeper has reconciled the bank statements in the past; however, to be compliant the treasurer will now reconcile the bank statements. On the rare occasion that the bookkeeper does tax receipts, the treasurer will check the deposit.

I have a small office, but I will do the best I can to correct the problem. If there is anything else I may do please call me.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

WWW.SAI.OK.GOV