

STATUTORY REPORT

LINCOLN COUNTY TREASURER

March 15, 2011



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**KATHY SHERMAN, COUNTY TREASURER
LINCOLN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 15, 2011**

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Oklahoma State Auditor & Inspector

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June 23, 2011

BOARD OF COUNTY COMMISSIONERS
LINCOLN COUNTY COURTHOUSE
CHANDLER, OKLAHOMA 74834

Transmitted herewith is the Lincoln County Treasurer Statutory Report for March 15, 2011. The engagement was conducted in accordance with 74 O.S. § 212.

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, reading "Gary A. Jones".

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



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Kathy Sherman, County Treasurer
Lincoln County Courthouse
Chandler, Oklahoma 74834

Dear Ms. Sherman:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for March 15, 2011:

- Review bank reconciliations, visually verify certificates of deposit, and confirm investments.
- Determine whether subsidiary records reconcile to the general ledger.
- Review pledged collateral securing deposits and invested funds.

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 general-purpose financial statements of Lincoln County.

Based on the above bank reconciliations, visual verification, and confirmation procedures performed, the cash and investments of the County are supported by accounting and bank records and are adequately secured to prevent loss in the event of a bank failure. However, with respect to segregation of duties, our finding is included in the accompanying schedule of findings and responses.

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.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

April 13, 2011

**KATHY SHERMAN, COUNTY TREASURER
LINCOLN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 15, 2011**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: The County Treasurer's Office has one deputy who writes receipts, balances cash drawer, prepares official depository tickets, posts daily receipts, and reconciles official depository account balance to the bank.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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 overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: In response to your letter of the review of our office, the corrections will be made to the best of my ability.



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