



LOVE COUNTY TREASURER

Statutory Report

August 31, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**KARLA SMITH, COUNTY TREASURER
LOVE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
AUGUST 31, 2023**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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January 22, 2024

BOARD OF COUNTY COMMISSIONERS
LOVE COUNTY COURTHOUSE
MARIETTA, OKLAHOMA 73448

Transmitted herewith is the Love County Treasurer Statutory Report for August 31, 2023. 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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Karla Smith, Love County Treasurer
Love County Courthouse
Marietta, Oklahoma 73448

Dear Ms. Smith:

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 Love 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.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

December 5, 2023

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2024-001 – Lack of Internal Controls Over the Bank Reconciliation Process

Condition: Upon inquiry, observation of county records, and reconciliation of the General and Official bank accounts, the following was noted:

- The General bank account cannot be reconciled to the general ledger. There was an unidentified reconciling item of \$1,700 that was deducted from the bank statement balance and documented as “Unidentified” in April 2022.
- The monthly report for the Official Depository bank account reflects \$75,513 as a reconciling item not posted in the software program. Outstanding vouchers are reflected as \$112,521. Therefore, the County Treasurer did not have supporting documentation to support the variance of \$75,513.

Cause of Condition: Internal controls have not been designed and implemented by the County Treasurer to identify all reconciling items in the reconciliation of bank statements to the general ledger.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, or misappropriation of funds which would not be detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management be aware of these conditions and realize that duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management’s oversight of the office operations and a review of operations while maintaining supporting documentation of designed and implemented internal controls.

Management Response:

County Treasurer: Reconciling items will be identified in the bank reconciliation process, and we will determine the best corrective action to take in correcting the unidentified error in the reconciliation of the General bank account to the general ledger as we have transitioned to a new software system. In the reconciling of official depository vouchers, we will continue to identify the variance.

Criteria: The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

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The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

Definition of Internal Control

Internal Control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

The GAO Standards – Principle 16 – Perform Monitoring Activities: 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

Further, accountability and stewardship are overall goals of management in the accounting of funds. An important aspect if internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

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