

STATUTORY REPORT

LOVE COUNTY TREASURER TURNOVER

January 28, 2013



*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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
LANGDON SPIVEY
LOVE COUNTY TREASURER
JANUARY 28, 2013**

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Oklahoma State Auditor & Inspector

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February 5, 2013

BOARD OF COUNTY COMMISSIONERS
LOVE COUNTY COURTHOUSE
MARIETTA, OKLAHOMA 73448

Transmitted herewith is the Love County Officer Turnover Statutory Report for January 28, 2013. The engagement was conducted in accordance with 19 O.S. § 171.

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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Langdon Spivey
Love County Treasurer
Love County Courthouse
Marietta, Oklahoma 73448

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 28, 2013:

- 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, we have presented our findings in the accompanying schedule.

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.

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

February 4, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Inadequate Inventory Records

Condition: The equipment on hand does not agree with the inventory records as per 19 O.S. § 178.1. The following exceptions were noted:

- Ten (10) of 68 items lacked County ID numbers or other identifying labels.
- One (1) of 68 items were disposed of, but not removed from inventory records.
- Thirty-seven (37) of 68 items were not physically identified or located within the Country Treasurer's office.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that an inventory of equipment be taken regularly within the Country Treasurer's office.

Effect of Condition: This condition could result in loss and misappropriation of county assets.

Recommendation: OSAI recommends the Country Treasurer implement procedures to ensure that an inventory of equipment be taken and that inventory records be updated as items are acquired or disposed of.

Management Response: Due to our policy of separation of duties when possible, I considered it improper to interfere with the inventory officer, instructing the officer in charge of inventory as to what should be added or deleted from inventory. I felt it more consistent with the separation of duties to limit my input to instruction as to their responsibility. This deputy retired in 2010 so I will answer to the best of my ability concerning items still on inventory but impossible to reconcile.

Missing—C105-299-94-95 Ergonomic Workstation: We still have part of it, but the part which apparently had the inventory number fell apart years ago during a move and I'm sure disposed of.

C213-346 04/05 7055 engineerin: I have no idea what that is. However, we did buy a plotter & printer about that time for the Assessor's office. At the time, I was under the impression these items were placed on the Assessor's inventory. The items became functionally obsolete and were disposed of.

C 214-301 Time and Date Stamp: Purchased for stamping the time, date, and receipt number on tax receipts. However, it's been functionally obsolete since computer generated receipts. It could have been accidentally disposed of, or it could still be there buried under other junk.

C-221-302 94-95 Power Backup: These items don't last more than a few years and I'm sure it was disposed of without being removed from inventory.

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C-221-316 97-98 and C-221-318 94-95: These were worn out and disposed of without being removed from inventory.

C-221-323 99-00 Fax Machine: This was worn out and disposed of without being removed from inventory.

C-221-337,338,339 03-04 Flat Screen Monitors: These were hauled to the storage building by prisoners. Now they are either missing or covered with miscellaneous junk to the extent they're no longer visible.

C-221-347 04-05 Color Printer: The color cylinders broke spreading the color powder everywhere. This was disposed of without removing from the inventory.

C-221-348 Monitor: Hauled out by prisoners at the same time as the above.

C-13 Filing Cabinet: The Army surplus filing cabinet was disposed of as obsolete and beyond repair but never deducted from inventory.

C-202-5 84-85: Disposed of because it was inaccurate and dangerous to plug in. It was never deducted from inventory.

C-203-2 1940 Calculator: I have no memory of a 1940 calculator. However, there was one from the late 1960s. Disposed of or unable to find in storage building.

C-203-3 1910 Calculator "Antique Machine": Actually, they were still using it when I came in 1985. I placed it on a shelf in the storage building. However, it would take many man hours of work to verify it is still on the shelf.

C-214-B 93-94 Electronic Numbering Machine: It was in the storage building. Either it was mistakenly disposed of or is covered in junk.

C-218-3534 06-07 Smart-ups Bat: It is still in office servicing file server. The inventory number had fallen off.

C-221-300 94-95 Form Burster: It had become obsolete in the County Treasurer's office; however, the Assessor continued to use it for a few more years. Then it was disposed of.

C-299-A, c-299-B Army Surplus Filing Cabinets: Disposed of.

C 301-G 92-93 Printer: Moved to storage building in 2011.

C 302-92-93 A, B, C, D, Ethernet Adapters: Installed in computers when Ethernet replaced coax.

C 302 H 94-95 Battery Backup: Became dysfunctional and disposed of.

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C-302-1 94-95 Computer: Disposed of 94-95.

c310 95-96 Computer: Disposed of.

C310-A Ram upgrade: Installed in a computer.

C-9 Safe Cabinet: Given to Sheriff's office in 1990.

F-102-1108-09 18x48 workstation: Determined it was a mistake.

Auditor Response: While a proper segregation of duties is important for reporting processes, it is each official's responsibility to ensure fixed assets are properly recorded and safeguarded against loss or theft. Inventory records were not maintained in accordance with state statutes and the records were not monitored for accuracy. Further, the disposition of fixed assets were not always presented to the Board of County Commissioners and were not disposed of in accordance with state statutes.

Criteria: Title 19 O.S. § 178.1 states:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...

Finding 2013-2—Reconciling Items

Condition: The County Treasurer's account balances do not reconcile with bank records. The following exceptions were noted:

- There is a variance between the BancFirst statement balance and the General Ledger at 1/25/13. The variance is in the amount of \$77.66. The bank statement balance is \$4,490,300.67 and the General Ledger balance is \$4,490,223.01.
- There is a variance between the First National Bank statement balance and the General Ledger at 1/25/13. The variance is in the amount of \$1,241.47. The bank statement balance is \$408,795.99 and the General Ledger balance is \$407,554.52.

Cause of Condition: Although reconciliations are prepared monthly, policies and procedures have not been implemented to ensure that unknown variances are promptly investigated and reconciled.

Effect of Condition: This condition could result in the County Treasurer's office having inaccurate or incomplete information.

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Recommendation: OSAI recommends the County Treasurer reconcile all bank accounts monthly to the General Ledger. All unknown variances should be promptly investigated and reconciled.

Management Response: The variances will be researched and corrected.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate 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 monthly reconciliation of bank accounts, are deficiencies in internal control.



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