

STATUTORY REPORT

MAJOR COUNTY TREASURER

March 1, 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

**SANDRA GOSS, COUNTY TREASURER
MAJOR COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 1, 2013**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 26, 2013

BOARD OF COUNTY COMMISSIONERS
MAJOR COUNTY COURTHOUSE
FAIRVIEW, OKLAHOMA 73737

Transmitted herewith is the Major County Treasurer Statutory Report for March 1, 2013. 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, appearing to read "Gary A. Jones".

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



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Sandra Goss, Major County Treasurer
Major County Courthouse
Fairview, Oklahoma 73737

Dear Ms. Goss:

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 Major 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

March 4, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding- 2013-1— Segregation of Duties

Condition: The County Treasurer’s office has one deputy. The Treasurer has attempted to segregate the duties of receipting, posting, and depositing daily collections; however, the deputy performs the majority of the receipting, for the ad valorem taxes and the depository account. The deputy also balances and prepares the deposit for the general account. The Treasurer issues receipts for miscellaneous and mortgage tax monies and then balances, prepares the deposit for the depository account, and takes both deposits to the bank. Each account is reviewed by the other person before the deposit is made.

Additionally, the County Treasurer’s office has established three cash drawers. One drawer is used for ad valorem taxes and miscellaneous payments; a second drawer is used for depository monies and a third drawer for a cash change drawer. The Treasurer and the deputy access all three drawers. In addition, both people have the capability to initiate and void receipts.

Cause of Condition: The office employs only one deputy in the office, which makes it very difficult to segregate all duties. Three separate drawers provide an easier process to complete the deposits for the Depository and General accounts. The ability for both people to void receipts is necessary when the other person is not in the office.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management establish a separate cash drawer for each person. Receipting and voiding of receipts encompasses a concentration of duties and responsibilities in one individual are 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 approve accounting functions.

Management Response: Due to the fact this office operates on a very limited budget amount, we are only afforded the luxury of two employees; the officer and a first deputy. The plight of rural Oklahoma continues to plague us unfortunately.

Auditor Response: Although the office is limited in staff, mitigating controls such as reviewing work of others could be implemented to reduce the risks of error and fraud. Evidence of the review should be noted with initials and dates.

**SANDRA GOSS, COUNTY TREASURER
MAJOR COUNTY, OKLAHOMA
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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 funds, and record transactions.



OFFICE OF THE STATE AUDITOR & INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV