

**MAYES
COUNTY
TREASURER**

MAY 4, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**DEMECIA FRANKLIN, COUNTY TREASURER
MAYES COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 4, 2010**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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August 16, 2010

BOARD OF COUNTY COMMISSIONERS
MAYES COUNTY COURTHOUSE
PRYOR, OKLAHOMA 74361

Transmitted herewith is the Mayes County Treasurer Statutory Report for May 4, 2010. 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 "Steve Burrage", is positioned above the printed name of the State Auditor and Inspector.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Demecia Franklin, County Treasurer
Mayes County Courthouse
Pryor, Oklahoma 74361

Dear Ms. Franklin:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for May 4, 2010:

- 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 Mayes County.

Based on the above reconciliations, visual verification, and confirmation procedures performed, 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, we noted a matter of segregation of duties, and our finding is presented 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, reading "Steve Burrage", is positioned above the printed name of the State Auditor and Inspector.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 6, 2010

**DEMECIA FRANKLIN, COUNTY TREASURER
MAYES COUNTY, OKLAHOMA
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2010-1 – 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 following concerns were noted in regards to recording, authorization, custody, and execution of revenue transactions performed by a single employee:

- All employees open the mail, take deposits to the bank, and post payments to customer accounts.

The following concerns were noted in regards to recording, authorization, custody, and execution of expenditure transactions performed by a single employee:

- All employees write vouchers, sign vouchers, post vouchers, and distribute vouchers.
- In addition, one of the deputies mentioned above calculates amounts vouchered to other funds and certifies receipt of goods and services. Also, one of the deputies mentioned above certifies receipt of goods or services.

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. 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: Management chose not to respond.



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