

STATUTORY REPORT

MCCURTAIN COUNTY TREASURER

May 31, 2013



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

**LINDA LASTER COUNTY TREASURER
McCURTAIN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 31, 2013**

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Oklahoma State Auditor & Inspector

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September 3, 2013

BOARD OF COUNTY COMMISSIONERS
McCURTAIN COUNTY COURTHOUSE
IDABEL, OKLAHOMA 74745

Transmitted herewith is the McCurtain County Treasurer Statutory Report for May 31, 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



Oklahoma State Auditor & Inspector

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

Linda Laster, McCurtain County Treasurer
McCurtain County Courthouse
Idabel, Oklahoma 74745

Dear Ms. Laster:

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 McCurtain 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

June 12, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Subsidiary Ledgers Not Reconciled to General Ledger

Condition: Reconciliations were not performed between the general ledger and the subsidiary ledger; Cities and Towns, Schools, and Vo-Tech Ledgers. The following unidentified variances were noted:

- Cities and Towns \$11,503.92
- Schools \$56,061.30
- Vo-Tech \$54,426.98

Cause of Condition: Procedures have not been designed to monitor subsidiary accounts to the general ledger.

Effect of Condition: This condition could result in incomplete and inaccurate amounts being reported on the general and the subsidiary ledgers.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the Cities and Towns, Schools and Vo-Tech subsidiary ledgers be maintained and reconciled to the general ledger on a monthly basis.

Management Response: I was not keeping a ledger on the cities and towns, schools, and vo-tech. Thought since we were doing the bank statements weekly, it would be okay. I will start keeping a ledger.

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 maintaining subsidiary ledgers and reconciling them to the general ledger, are deficiencies in internal control.

Finding 2013-2—Bank Statements Not Reconciled

Condition: At the time of our review, we noted the bank reconciliation was not being performed for the following account.

- City of Smithville

Cause of Condition: Procedures have not been designed to ensure all accounts are reconciled, approved, and on the general ledger.

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

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Recommendation: OSAI recommends all bank accounts be reconciled on a monthly basis and in a timely manner. Also, OSAI recommends the Treasurer ensures that all bank reconciliations reflect an indication of review that they are approved by someone other than the preparer.

Management Response: The only activity on the City of Smithville account is the interest every month. We will make a ledger for this account.

Criteria: To help ensure a proper accounting of funds, all bank accounts identified with the County's tax identification number should be included on the general ledger. Bank reconciliations should be performed on a monthly basis and approved by someone other than the preparer and include an indication of review.

Finding 2013-3—Segregation of Duties

Condition: The County Treasurer's office has one deputy that balances the cash drawer, prepares the deposit, posts daily receipts to the daily reports and general ledger, prepares the monthly reports, and reconciles the bank accounts. This deputy also has a cash box and can issue receipts when needed.

The same deputy posts daily receipts to the Official Depository ledger, prepares the Official Depository deposit, and registers and signs vouchers. This deputy also issues official depository receipts when needed.

Cause of Condition: Procedures have not been designed to adequately segregate the duties.

Effect of Condition: 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.

Management Response: This has been changed. I have three deputies performing these duties now.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.



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