

**McCURTAIN
COUNTY
TREASURER**

NOVEMBER 30, 2008

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**JoANN STRAWN, COUNTY TREASURER
McCURTAIN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
NOVEMBER 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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March 19, 2009

BOARD OF COUNTY COMMISSIONERS
McCURTAIN COUNTY COURTHOUSE
IDABEL, OKLAHOMA 74745

Transmitted herewith is the McCurtain County Treasurer Statutory Report for November 30, 2008. 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 that reads "Steve Burrage". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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JoAnn Strawn, County Treasurer
McCurtain County Courthouse
Idabel, Oklahoma 74745

Dear Ms. Strawn:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for November 30, 2008:

- 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 McCurtain County.

Based on the above bank reconciliations, visual verification, and confirmation procedures performed, the cash and investments of the County are supported by bank records and are adequately secured to prevent loss in the event of a bank failure. With respect to the matter of segregation of duties, cash and investments of the County being supported by accounting records, and subsidiary ledgers being reconciled to the general ledger, our findings are included 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,

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

January 26, 2009

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2009-1 – Non-Payable Warrants

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 verifying that there is sufficient cash on hand prior to registering warrants, are deficiencies in internal control.

Further, 62 O.S. § 552 states,

Whenever a warrant or order shall be presented to any treasurer named in the preceding section, and the same is not paid for the reason that there is not money sufficient in the fund on which same is drawn, the treasurer shall endorse on the back of such warrant or order, "Not paid for want of funds," number, date and sign the same; and he shall set down in a book to be kept for that purpose, the number, amount, the date and upon what fund drawn, to whom payable, and the date when presented for payment, and such warrants or orders shall be paid in the order of their presentation and registration as shown by such book, and such book shall be known in each such office as the "Warrant Register."

Condition: The general ledger reflects a negative balance of \$442,487.26 for County General Fund Account at November 30, 2008.

Effect: This condition results in issuing warrants without available funds.

Recommendation: OSAI recommends that the County Treasurer verify cash available in the fund prior to registration of any warrants and register any warrant in which money is not available in the fund be endorsed as non-payable in accordance with state statutes.

Views of responsible officials and planned corrective actions: The County Treasurer stated, "I realize that the County General Fund Account has been in the red for a while. There wasn't much revenue coming in for that account. I talked to the County Commissioners about this several times, but they seem to think I had to keep paying the warrants. From now on I will register the warrants as non-payable when we get in the red in County General. When we do our apportionment for the month of January, we should be back to normal."

Finding 2009-2 – Subsidiary Ledgers

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.

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Condition: The following exceptions were noted:

- A reconciliation is not performed between the general and investment ledgers.
- The balance of the McCurtain County National Bank Investment Fund, per the general ledger, is overstated by \$89,996.92.
- Interest earned on the Edward D. Jones Investment of \$2,414.86 is not recorded on the investment ledger or general ledger.
- Interest earned on the City of Smithville Investment of \$1,790.35 is not recorded on the investment ledger.
- Balance reported on the general ledger does not agree with the investment ledger.
- Ledgers for schools and municipalities are not being updated in a timely manner.

Effect: This condition results in incomplete and inaccurate amounts being reported on the general and subsidiary ledgers.

Recommendation: OSAI recommends that the subsidiary ledgers be maintained and reconciled to the general ledger on a monthly basis.

Views of responsible officials and planned corrective actions: The County Treasurer stated, “The investment ledger and the general ledger has been corrected as per Theresa today. The MCNB Investment was corrected in December, and she recorded the City of Smithville today, January 26, 2009. I failed to do a receipt on the Edward D. Jones interest. They have it turned back into the C.D. and I failed to catch it. Also, the ledgers on schools are being updated. The municipalities are also being updated. The payment register is used every day paying off checks; so therefore, I have to use it on the weekend for the schools and municipalities. Hopefully, one of these days everything will be on the computer.”

Finding 2009-3 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals in evaluating management's 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.

Condition: Based on inquiries of personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the Treasurer’s office were not properly segregated to assure adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

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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 knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.



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