

STATUTORY REPORT

MCCURTAIN COUNTY TREASURER TURNOVER

July 5, 2011



*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
JoANN STRAWN
McCURTAIN COUNTY TREASURER
JULY 5, 2011

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Oklahoma State Auditor & Inspector

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April 18, 2012

BOARD OF COUNTY COMMISSIONERS
McCURTAIN COUNTY COURTHOUSE
IDABEL, OKLAHOMA 74745

Transmitted herewith is the McCurtain County Officer Turnover Statutory Report for July 5, 2011. 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.

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



Oklahoma State Auditor & Inspector

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

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for July 5, 2011:

- 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.

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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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2012-1—Inventory

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity’s assets and safeguard assets from loss, damage, or misappropriation.

Further, 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 therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...

Condition: We were unable to locate three items on the Treasurer's inventory list.

| | Co ID# | Description | Serial # |
|----|--------|-------------------------|-----------|
| 1. | None | Nobilis Computer System | 138469003 |
| 2. | None | Nobilis Computer System | 138469001 |
| 3. | None | Nobilis Computer System | 136002005 |

Effect: This condition could result in inaccurate records, incomplete information, or loss of assets.

Recommendation: OSAI recommends an annual inventory be taken of all working tools, apparatus, machinery, and equipment belonging to the County. OSAI also recommends that these inventories be documented and filed with the County Clerk.

Management Response:

Former County Treasurer: Our server system was changed out and I am assuming that the vendor took the old equipment.

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Finding 2012-2—Monthly Reports

Criteria: Title 19 O.S. § 684 states:

All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs, - by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.

Condition: The County Treasurer has not filed a monthly fee report with the County Clerk since September 2010.

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

Recommendation: OSAI recommends the County Treasurer file, with the County Clerk, a monthly report for all accounts as required by statute.

Management Response:

Former County Treasurer: We had some personnel changes in here and the person taking over this duty of this report didn't understand what to do with the reports. As of the July reports, a deputy will make sure a monthly report is submitted to the Commissioners.

Finding 2012-3—Cash Drawer

Criteria: Effective accounting procedures and internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. An effective internal control system has in place policies and procedures that reduce the risk of errors or fraud, and to the prevention or timely detection of unauthorized transaction within an organization.

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Title 19 O.S. § 682 states:

It shall be the duty of each and every county officer... to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office.

Condition: While performing a count of cash on hand, one cashier's change drawer was over by \$ 770.42. This was due to the Treasurer accepting payment of \$770.17 from an individual for taxes that had already been paid and cash in the amount of \$0.25 that was not receipted.

Effect: This condition could result in possible loss of revenue, noncompliance to laws and regulations, or misappropriation of funds.

Recommendation: OSAI recommends the County Treasurer receipt and deposit all monies collected. OSAI also recommends that ad valorem payments only be accepted when there is a tax liability or accepted in trust until tax liability can be determined.

Management Response:

Current County Treasurer: The \$770.17 was receipted and a refund check was issued to a taxpayer July 6th. We refunded the taxpayers money by certified mail.

Finding 2012-4—Subsidiary Ledgers and General 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, reconciling subsidiary ledgers to the general ledger, and reconciling the general ledger with bank records are deficiencies in internal control.

Condition: The following exceptions were noted:

General Account

Three outstanding Treasurer's checks have been shown as outstanding for multiple years and have not been cancelled. The Treasurer was unable to provide any information on checks.

- Treasurer's check 7811 in the amount of \$13.62
- Treasurer's check 8621 in the amount of \$24.85
- Treasurer's check 9440 in the amount of \$26.25

Also, in addition to the above the following were noted:

- Bank reconciliations for investments were not performed.

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- Subsidiary Ledgers for schools, municipalities, protest taxes, and partial payments are not being maintained.

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

Recommendation: OSAI recommends that the subsidiary ledgers be maintained and reconciled to the general ledger on a monthly basis. OSAI also recommends that the general ledger be maintained and reconciled to the bank statements for all demand and investment accounts on a monthly basis. In addition, OSAI recommends reconciling items be investigated and explained in detail.

Management Response:

Current County Treasurer: General Fund Account—I will call the Auditor's office to find out what to do about the outstanding checks. We will get a printout every month from the bank for reconciliations for investments. Former County Treasurer is working on the ledgers for the school through September and the school will be doing their own starting in October 2011.

Finding 2012-5—Pledged Collateral

Criteria: Title 62 O.S. § 517.4A states:

A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

Condition: The County's bank account balances and investments were underpledged at July 5, 2011, as noted:

- Investments held at Edward Jones were underpledged by \$1,166.70.

Effect: Failure to adequately secure asset balances could result in a violation of state statutes.

Recommendation: OSAI recommends the County Treasurer monitor county pledges routinely to ensure that deposits are adequately secured.

Management Response: Former County Treasurer: McCurtain County Tourism Board requested that the Tourism money be put into Edward Jones. I explained to them about the FDIC coverage but they said leave it there. What can the Treasurer's office do? The Tourism money comes to this office as the Lodging tax. They pay the county 10% of the money that OTC sends for keeping records for the tourism.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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