

STATUTORY REPORT

# MUSKOGEE COUNTY TREASURER

March 31, 2015



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

**KELLY GARRETT, COUNTY TREASURER  
MUSKOGEE COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
MARCH 31, 2015**

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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

October 19, 2015

BOARD OF COUNTY COMMISSIONERS  
MUSKOGEE COUNTY COURTHOUSE  
MUSKOGEE, OKLAHOMA 74401

Transmitted herewith is the Muskogee County Treasurer Statutory Report for March 31, 2015. 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 that reads "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

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Kelly Garrett, Muskogee County Treasurer  
Muskogee County Courthouse  
Muskogee, Oklahoma 74401

Dear Mr. Garrett:

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 Muskogee 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.

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

August 28, 2015

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-01 – Reconciliation of Investment Ledger to General Ledger**

**Condition:** The County Treasurer’s investment accounts are not being reconciled to bank balances. In addition, the County Treasurer’s investment ledger is not being maintained on an ongoing basis or reconciled to the general ledger. The following was noted during a review of the County Treasurer’s office:

- As of March 31, 2015, the County Treasurer’s general ledger was overstated in the amount of \$68,102.08.
- Two certificates of deposits listed on the County Treasurer’s investment ledger have not been updated since May of 2013, and do not reflect the current maturity date and current interest rate. In addition, interest earned on the certificates of deposits, totaling \$359.31, has not been added to the investment ledger or general ledger.
- Two certificates of deposits listed on the County Treasurer’s investment ledger have not been updated since September of 2013, and do not reflect the current maturity date and current interest rate. In addition, interest earned on the certificates of deposits, totaling \$298.96, has not been added to the investment ledger or general ledger.
- Two certificates of deposits, totaling \$2,500,000, were not listed on the County Treasurer’s investment ledger.

**Cause of Condition:** Policies and procedures have not been designed to ensure all accounts are reconciled, approved, and accurately presented on the general ledger or investment ledger.

**Effect of Condition:** These conditions resulted in unrecorded transactions, misstated financial reports, and undetected errors.

**Recommendations:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that all accounts of the County Treasurer be reconciled monthly. Any variances or discrepancies should be researched immediately and be corrected in a timely manner.

**Management Response:** The money was transferred to the correct account in the bank. However, the account was never closed on the general ledger. We are attempting to remedy that situation.

**Criteria:** An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance that financial records are timely reconciled and financial ledgers

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are maintained in an accurate and complete manner. Further, good internal controls would include proper monitoring and reviews for accuracy of financial information.

**Finding 2015-02 – Bank Reconciliation – Unidentified Variance**

**Condition:** The general bank account reconciliation was performed; however, there is an unidentified variance of \$1,176.28.

**Cause of Condition:** Policies and procedures have not been designed to ensure a true and accurate monthly reconciliation occurs between the general ledger and the corresponding bank accounts.

**Effect of Condition:** This condition resulted in an unidentified variance and could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, or clerical errors that are not detected in a timely manner.

**Recommendation:** OSAI recommends the general ledger should be reconciled consistently throughout the month to ensure that the monthly reconciliations are complete and accurate at the end of each month.

**Management Response:** We are attempting to reconcile this matter.

**Criteria:** Safeguarding controls are an aspect of internal controls. 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 reconciliations not prepared or timely prepared, are deficiencies in internal controls.

**Finding 2015-3 – Subsidiary Ledger Not Reconciled to General Ledger**

**Condition:** Reconciliations between the general and subsidiary ledgers are not performed on a regular basis. We noted a variance of \$13,022.22 between the school district general subsidiary ledger and the general ledger.

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

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

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

**Management Response:** We are attempting to reconcile this matter.

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**Criteria:** Safeguarding controls are an aspect of internal controls. 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 controls.



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