

STATUTORY REPORT

NOWATA COUNTY TREASURER

May 22, 2012



*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

**BONNIE WORKMAN, COUNTY TREASURER
NOWATA COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 22, 2012**

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Oklahoma State Auditor & Inspector

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July 11, 2012

BOARD OF COUNTY COMMISSIONERS
NOWATA COUNTY COURTHOUSE
NOWATA, OKLAHOMA 74048

Transmitted herewith is the Nowata County Treasurer Statutory Report for May 22, 2012. 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Bonnie Workman, Nowata County Treasurer
Nowata County Courthouse
Nowata, Oklahoma 74048

Dear Ms. Workman:

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 Nowata 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

May 24, 2012

**BONNIE WORKMAN, COUNTY TREASURER
NOWATA COUNTY, OKLAHOMA
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – Segregation of Duties

Condition: A lack of segregation of duties exists in the County Treasurer’s office because all employees take receipts and only one cash drawer is used. Also, the First and Second Deputies, in addition to taking receipts, balance the cash drawer, post receipts, and reconcile the Official Depository Account.

Cause of Condition: Management has not implemented procedures to separate key functions and processes among various employees in the office or to have levels of review over the processes performed.

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 that a system of internal controls be implemented to provide reasonable assurance that duties are adequately segregated. The duties of receipting, depositing, and maintaining ledgers/reconciliations should be segregated. If duties cannot be properly segregated, procedures should be designed to mitigate risks such as monitoring and review of processes.

Management Response:

Bonnie Workman, Nowata County Treasurer –

We will take steps to correct the situation, but please keep in mind, the Nowata’s Treasurer’s Office is a three person office. It’s rather hard to segregate certain tasks to one individual.

Criteria: 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.

Finding 2012 -2 – Reconciliations

Condition: During our review, the Treasurer’s office was unable to reconcile the Official Depository Account with the bank as of May 22, 2012.

Cause: Procedures have not been designed to ensure all accounts are maintained throughout the month and reconciled with the banks.

Effect of Condition: This condition could lead to misappropriation of funds.

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Recommendation: OSAI recommends management take steps to ensure that the Official Depository Account is being maintained and reconciled with the bank.

Management Response:

Bonnie Workman, Nowata County Treasurer –

I have enclosed a copy of the depository account as to where we do balance at end of month. Bank had to do a daily transaction search and print each item for this office. They said they possibly missed some of our items, as to why we couldn't balance on May 22, 2012.

Criteria: To help ensure proper accounting of funds, all accounts should be maintained and reconciled with the banks.



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