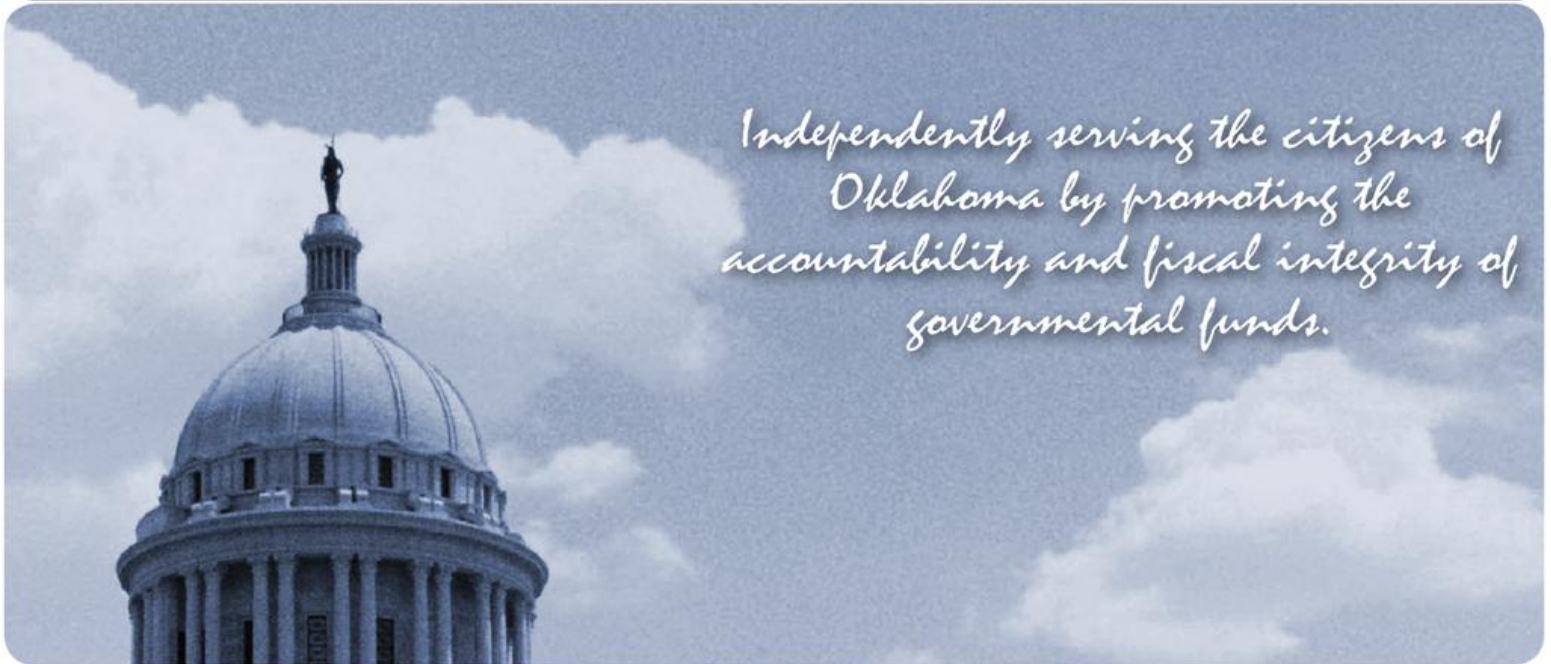


STATUTORY REPORT

OKFUSKEE COUNTY TREASURER

May 21, 2014



*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

**JUDY RENEE ALCORN, COUNTY TREASURER
OKFUSKEE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 21, 2014**

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Oklahoma State Auditor & Inspector

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June 30, 2014

BOARD OF COUNTY COMMISSIONERS
OKFUSKEE COUNTY COURTHOUSE
OKEMAH, OKLAHOMA 74859

Transmitted herewith is the Okfuskee County Treasurer Statutory Report for May 21, 2014. 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

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Judy Renee Alcorn, Okfuskee County Treasurer
Okfuskee County Courthouse
Okemah, Oklahoma 74859

Dear Ms. Alcorn:

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 Okfuskee 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 25, 2014

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1—Segregation of Duties

Condition: The County Treasurer has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the employees who perform these duties also issue receipts. In addition, all employees work from the same cash drawer. For mail-in payments, all employees can open the mail and issue receipts. A daily mail log is not maintained.

Cause of Condition: In order to provide prompt services to the citizens of Okfuskee County and for ease of operations, the County Treasurer's office utilize all employees to issue receipts. Additionally, due to the limited number of personnel, one individual is sometimes responsible for all the key functions of the office.

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: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the following key accounting functions of the County Treasurer's office be adequately segregated:

- Issuing receipts.
- Preparing/reviewing deposits and taking them to the bank.
- Maintaining accounting ledgers and reconciling bank statements.

In addition, OSAI recommends establishing a system of controls to adequately protect the collections of the County Treasurer's office, which include but are not limited to the following:

- Establish separate cash drawers for all employees receiving cash.
- A daily log of mailed in receipts should be compiled.

Management Response: Our office is taking steps in correcting this problem. We are studying the Small Office Guide to Segregation of Duties: Receipting.

Criteria: Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and possible misappropriation of funds.

**JUDY RENEE ALCORN, COUNTY TREASURER
OKFUSKEE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 21, 2014**

Finding 2014-2—Bank Reconciliations

Condition: While performing the Treasurer’s Review as of May 21, 2014, we noted the following:

- There is no indication noted on the reconciliations performed that they are reviewed and approved by someone other than the preparer.
- We were unable to reconcile the Official Depository account as of May 21, 2014. A variance of \$1,483.33 could not be identified. The bank account reflected more on hand than the general ledger.

Cause of Condition: Procedures have not been designed to ensure all bank reconciliations are reviewed and approved by someone other than the preparer and not reconciling to the bank on a regular basis.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends all accounts be reconciled on a monthly basis and in a timely manner and that the County Treasurer ensures that all bank reconciliations reflect an indication of review and documenting approval by someone other than the preparer. OSAI further recommends the County Treasurer’s office identify all reconciling items when balancing their general ledger to the bank.

Management Response: We do balance the Depository Account everyday and always balance with the bank at the end of every month. We are taking measures to ensure the bank reconciliations remain accurate and the General and Officer’s Depository accounts will be checked and initialed by a second person to make sure the balances are correct at all times.

Auditor Response: The County Treasurer’s office reviews the bank statement daily to ensure credit card and EFT deposits have cleared the bank; however, the County Treasurer’s office does not reconcile the general ledger to the bank daily.

Criteria: To help ensure a proper accounting of funds, bank reconciliations should be performed on all bank accounts on a monthly basis and reconciliations should be reviewed and approved by someone other than the preparer and include an indication of review.



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