

**OKMULGEE
COUNTY
TREASURER**

JUNE 8, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**VONNA LAMPKINS, COUNTY TREASURER
OKMULGEE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
JUNE 8, 2010**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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August 16, 2010

BOARD OF COUNTY COMMISSIONERS
OKMULGEE COUNTY COURTHOUSE
OKMULGEE, OKLAHOMA 74449

Transmitted herewith is the Okmulgee County Treasurer Statutory Report for June 8, 2010. 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, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Vonna Lampkins, County Treasurer
Okmulgee County Courthouse
Okmulgee, Oklahoma 74449

Dear Ms. Lampkins:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for June 8, 2009:

- 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 Okmulgee County.

Based on the above reconciliations, visual verification, and confirmation procedures performed, 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. In performing the procedures, we noted an account under the County's EIN number not being on the general ledger and a lack of segregation of duties, and our findings are presented 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,

A handwritten signature in blue ink, reading 'Steve Burrage', is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

June 10, 2010

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2010-1 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. 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.

Condition: The following concerns were noted in regards to recording, authorization, custody, and execution of revenue transactions performed by a single employee:

- All seven employees have the opportunity to perform the following incompatible duties: open mail, receive money, write receipts, prepare customer billings, mail billings, and post payments.
- The Treasurer, Chief Deputy, a Second and Third Deputy, in addition to the above-mentioned, also have the opportunity to prepare deposits, post daily receipts, and reconcile accounts.

The following concerns were noted in regards to recording, authorization, custody, and execution of expenditure transactions performed by a single employee:

- The Second and Third Deputy write vouchers, sign vouchers, post vouchers, and distribute vouchers. In an emergency, two other second deputies can sign vouchers.
- The Treasurer and Chief Deputy calculate vouchers, review amounts vouchered, write vouchers, sign vouchers, post vouchers, distribute vouchers, authorize purchases, prepare claims, and approve claims.

Effect: 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 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 overseeing of office operations and a periodic review of operations. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: I'm trying to do the best with the limited personnel I have to keep the duties of the office segregated. I will do my best to follow your suggestions.

**VONNA LAMPKINS, COUNTY TREASURER
OKMULGEE COUNTY, OKLAHOMA
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Finding 2010-2 – Bank Account

Criteria: Title 19 O.S. § 642 states in part:

The county treasurer shall keep a cash book, in which he shall enter an account of all money by him received...

Condition: It was noted that the Free Fair Board bank account, in the County's name and tax identification number, was not being accounted for on the Treasurer's general ledger.

Effect: This condition could result in misappropriation of assets and is not in compliance with state statutes.

Recommendation: OSAI recommends management take steps to ensure all public fund accounts be maintained on the Treasurer's general ledger.

Views of responsible officials and planned corrective actions: I notified the OSU Extension Educator on April 8, 2008, of the findings by the auditor and requested that he get this corrected. I called him on July 9, 2010, and again informed him that I have been audited in the Treasurer's limited review as of June 8, 2010, and these findings have not been taken care of. He said he turned this over to the Fair Board and they have to make the decisions on this. He said he'll get right on it! I had also spoken with him on the phone back then.



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