

STATUTORY REPORT

OTTAWA COUNTY TREASURER

April 29, 2016

*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

**KATHY BOWLING, COUNTY TREASURER
OTTAWA COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 29, 2016**

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Oklahoma State Auditor & Inspector

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August 11, 2016

BOARD OF COUNTY COMMISSIONERS
OTTAWA COUNTY COURTHOUSE
MIAMI, OKLAHOMA 74354

Transmitted herewith is the Ottawa County Treasurer Statutory Report for April 29, 2016. 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



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Kathy Bowling, Ottawa County Treasurer
Ottawa County Courthouse
Miami, Oklahoma 74354

Dear Ms. Bowling:

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 Ottawa 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

August 9, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 - Inadequate Internal Controls Over Cash Receipts and Cash Balances

Condition: Based upon inquiry and observation of the daily receipting and balancing processes, the County Treasurer has implemented some review processes to enhance internal controls; however, there remains a weakness over the receipting and balancing processes relating to an inadequate segregation of duties.

- One deputy can accept payments, issue receipts, void receipts, reconcile cash drawer, and prepare the deposit with no review noted.

Cause of Condition: Compensating internal control procedures have not been fully designed and implemented with regard to segregation of duties over all aspects of the collections process.

Effect of Condition: A single person having responsibility for more than area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriations of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that one employee is unable to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response:

County Treasurer: Since having the conversation with the auditor about the reconciliation of the cash drawers, I have implemented a change. When the daily reconciliation of the front drawers is finished, either my first deputy or I will verify the ending balance in the drawer along with the receipts and deposit and sign the deposit slip as indication of review.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.



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