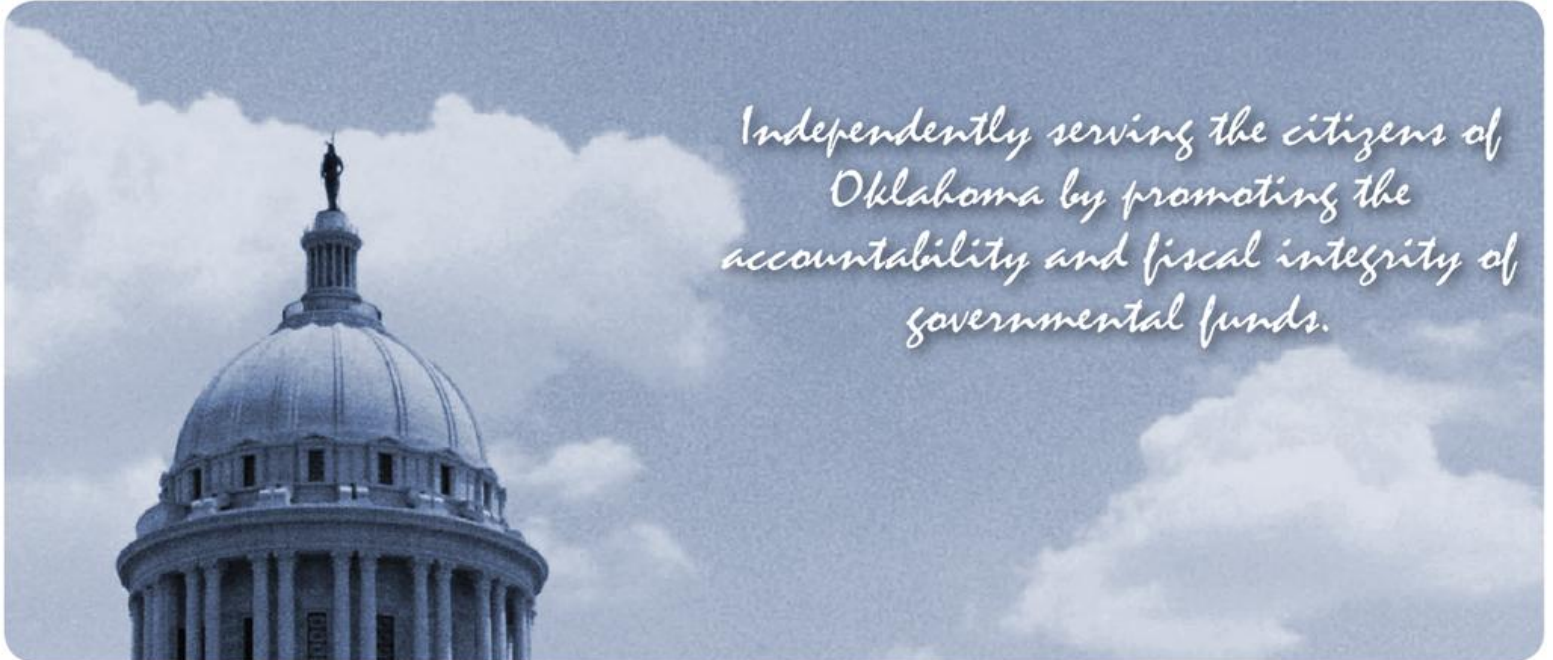


STATUTORY REPORT

PAWNEE COUNTY TREASURER

February 3, 2016



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

**CARRIE TATUM, COUNTY TREASURER
PAWNEE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
FEBRUARY 3, 2016**

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Oklahoma State Auditor & Inspector

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March 10, 2016

BOARD OF COUNTY COMMISSIONERS
PAWNEE COUNTY COURTHOUSE
PAWNEE, OKLAHOMA 74058

Transmitted herewith is the Pawnee County Treasurer Statutory Report for February 3, 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Carrie Tatum, Pawnee County Treasurer
Pawnee County Courthouse
Pawnee, Oklahoma 74058

Dear Ms. Tatum:

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 Pawnee County.

Based on our procedures performed, we have presented our finding 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

February 9, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 – Inadequate Internal Controls Over Pledged Collateral and Noncompliance with State Statute

Condition: During our review on February 3, 2016, the County's bank account balances and investments were under-collateralized in the amount of \$330,099.25.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure daily bank deposits are adequately secured.

Effect of Condition: These conditions resulted in noncompliance with state statute. Failure to properly monitor pledged collateral amounts resulted in unsecured county funds and could result in possible loss of county funds.

Recommendation: The Oklahoma State Auditor & Inspector (OSAI) recommends that the County design and implement procedures to daily compare bank balances to the pledged collateral ledgers to ensure that county funds are adequately secured against loss by a financial institution. Documentation for this daily procedure should be maintained.

Management Response:

County Treasurer: We are currently working to resolve the issue. We will obtain the current pledge report each month from the bank and compare the amount to our balance daily. If needed during high volume times we will obtain additional collateral as necessary.

Criteria: Title 62 O.S. § 517.4 A. states, “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.”

Further, effective internal controls would include monitoring the daily bank balances to the amount of securities pledged to protect the County against loss of investments.



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