

STATUTORY REPORT

# PAWNEE COUNTY TREASURER

June 3, 2013



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

**CARRIE TATUM, COUNTY TREASURER  
PAWNEE COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JUNE 3, 2013**

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# Oklahoma State Auditor & Inspector

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July 11, 2013

BOARD OF COUNTY COMMISSIONERS  
PAWNEE COUNTY COURTHOUSE  
PAWNEE, OKLAHOMA 7474058

Transmitted herewith is the Pawnee County Treasurer Statutory Report for June 3, 2013. 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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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 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

June 18, 2013

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1— Bank Reconciliations**

**Condition:** Based on the review performed, it appears the Electronic Federal Tax Payments System, one Money Market account and one Now account are not being reconciled on a monthly basis and there was no indication noted on the reconciliations performed that they are reviewed and approved by someone other than the preparer.

**Cause of Condition:** Procedures have not been designed to ensure all bank accounts are reconciled to the general ledger on a monthly basis and that reconciliations are reviewed and approved by someone other than the preparer.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends all accounts be reconciled on a monthly basis and in a timely manner and that the Treasurer ensures that all bank reconciliations reflect an indication of review and documenting approval by someone other than the preparer.

**Management Response:** Procedures have been added to ensure that all accounts, including Now and Money Market accounts, are reconciled monthly to the general ledger.

**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.

**Finding 2013-2— Segregation of Duties**

**Condition:** A lack of segregation of duties exists in the County Treasurer's office. One employee, in addition to taking collections, posts to reports daily, and reconciles 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 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.

**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

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control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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.

**Management Response:** Additional review procedures will be added to help reduce the risk that comes with lack of being able to segregate duties.

**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 among different individuals to reduce the risk of error or fraud.



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