

**PAWNEE
COUNTY
TREASURER**

APRIL 30, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CARRIE TATUM, COUNTY TREASURER
PAWNEE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 30, 2010**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

September 9, 2010

BOARD OF COUNTY COMMISSIONERS
PAWNEE COUNTY COURTHOUSE
PAWNEE, OKLAHOMA 74058

Transmitted herewith is the Pawnee County Treasurer Statutory Report for April 30, 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 that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Carrie Tatum, 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 for April 30, 2010:

- 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 Pawnee County.

Based on the above visual verification and confirmation procedures performed, with respect to the items tested, cash and investments of the County are supported by accounting and bank records. However, we noted a matter of segregation of duties, and our finding is presented in the schedule of findings and responses. With respect to pledged collateral, our finding is also presented in the 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 that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

June 14, 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 property, and record transactions.

Condition: A lack of segregation of duties exists in the Treasurer's Office because one employee has the opportunity to calculate voucher amounts, write vouchers, sign vouchers, and post vouchers to the Official Depository ledger.

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. 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.

Views of responsible officials and planned corrective actions: I have read your review of our office. We are a small county and work very hard to provide the best service to the county and its citizens. We are working to improve on this.

Finding 2010-2 – Market Value of Collateral Pledges

Criteria: Title 62 O.S. § 517.4.C. states:

Securities eligible for collateral shall be valued at market value. The treasurer shall review and determine the market value of collateral pledged for security not less than quarterly. The market value of pledged securities shall be provided to the treasurer by either the financial institution holding the deposit or the financial institution holding the collateral securities, which market value must have been obtained from an independent, recognized and documented source.

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Condition: During our test work, we found the County had not recorded their pledged collateral at fair market value on their general ledger. Also, the general ledger showed collateral that had expired.

Effect: The County did not report collateral at market value, which increases the risk of losing county funds if a bank were to default.

Recommendation: OSAI recommends the County Treasurer be aware of the amounts invested in the individual banks and record pledged collateral at market value.

Views of responsible officials and planned corrective actions: I have read your review of our office. We are a small county and work very hard to provide the best service to the county and its citizens. This was corrected at the time of the finding. The amount on the general ledger was just entered incorrectly. So we were and are covered completely.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

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