

STATUTORY REPORT

# PITTSBURG COUNTY TREASURER

March 29, 2013



*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

**DONNA SCRIVNER, COUNTY TREASURER  
PITTSBURG COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
MARCH 29, 2013**

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# Oklahoma State Auditor & Inspector

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August 29, 2013

BOARD OF COUNTY COMMISSIONERS  
PITTSBURG COUNTY COURTHOUSE  
MCALESTER, OKLAHOMA 74501

Transmitted herewith is the Pittsburg County Treasurer Statutory Report for March 29, 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".

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



# Oklahoma State Auditor & Inspector

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Donna Scrivner, Pittsburg County Treasurer  
Pittsburg County Courthouse  
McAlester, Oklahoma 74501

Dear Ms. Scrivner:

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 Pittsburg 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 that reads "Gary A. Jones".

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

April 16, 2013

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1—Finding: Inadequate Pledged Collateral and Noncompliance with Statute**

**Condition:** We determined County funds were not adequately secured at one financial institution on the day of our review. The bank balance was \$18,211,490.61; however, the pledged collateral and FDIC totaled \$17,700,000.00, leaving unsecured balance of \$511,490.61.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure proper collateralization of county bank balances.

**Effect of Condition:** Failure to monitor pledged collateral amounts resulted in unsecured county funds and noncompliance with state statutes.

**Recommendation:** Oklahoma State Auditor & Inspector (OSAI) recommends that the County Treasurer implement a system of internal controls to provide reasonable assurance that county funds are adequately secured. Further, OSAI recommends the County Treasurer maintain a ledger of daily bank balances compared to the market value of pledged securities to ensure that county funds are adequately secured.

**Management Response:** From this day forward letters of credit are being reviewed daily to ensure that this does not happen again.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. Title 62 O.S. § 517.4 requires the county deposits with financial institutions be secured with pledged collateral.

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

**Condition:** The Treasurer has implemented some controls regarding the collections process. However, some duties have not been adequately segregated. One deputy performs the duties of preparing the deposit, delivering the deposit to the bank, and reconciling bank statements. Further, no independent review of the bank reconciliation is performed to ensure timeliness and accuracy.

**Cause of Condition:** Procedures have not been designed to adequately segregate the duties.

**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 not being detected in a timely manner.

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**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.

**Management Response:** Periodic reviews of bank reconciliation was always done but not initialed or signed. This is now being done. As with any office with limited personnel segregation of duties is hard to accomplish. Reviews will be signed from this day forward.

**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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