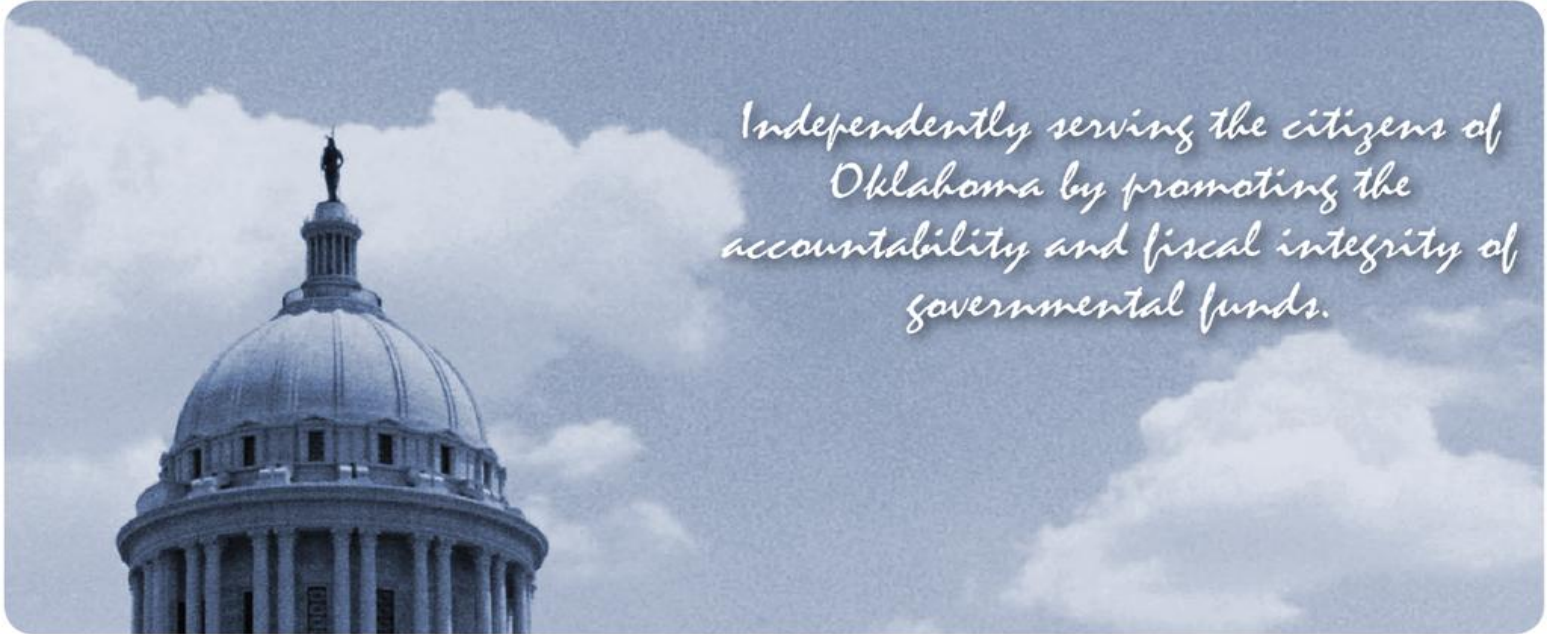


STATUTORY REPORT

# ROGERS COUNTY TREASURER

January 30, 2015



*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

**CATHY PINKERTON-BAKER, COUNTY TREASURER  
ROGERS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 30, 2015**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

July 8, 2015

BOARD OF COUNTY COMMISSIONERS  
ROGERS COUNTY COURTHOUSE  
CLAREMORE, OKLAHOMA 74017

Transmitted herewith is the Roger County Treasurer Statutory Report for January 30, 2015. 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, reading "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Cathy Pinkerton-Baker, Rogers County Treasurer  
Rogers County Courthouse  
Claremore, Oklahoma 74017

Dear Ms. Cathy Pinkerton-Baker:

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 Rogers 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

June 24, 2015

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-01 – Segregation of Duties – County Treasurer General Ledger Functions**

**Condition:** A lack of segregation of duties exists in the County Treasurer’s office because one person is responsible for posting to the daily reports, posting to the general ledger, preparing monthly reports, preparing monthly apportionments, maintaining investments, reconciling the general bank account, preparing deposits, and taking the deposits to the bank.

**Cause of Condition:** Management has not implemented procedures to separate key functions and processes among various employees in the office or to 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:** The Oklahoma State Auditor & Inspector’s Office (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 oversight of office operations and a periodic review of operations. 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:**

**County Treasurer:** Segregation of duties will be addressed to the best of our ability in order to ensure records and transactions are performed by more than one individual.

**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 separated.

**Finding 2015-02 – Bank Reconciliations**

**Condition:** Based on the review of the bank reconciliations the following was noted:

- The general bank account is not reconciled to the general ledger in a timely manner. As of 2/23/2015 the bank reconciliation for 1/31/2015 had not been performed.

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- The reconciliation of the official depository account for January 2015 was presented multiple times, contained various reconciling errors resulting in an unidentified variance of \$13,810.44.

**Cause of Condition:** Procedures have not been designed to ensure all bank accounts are reconciled accurately to the general ledger on a monthly basis and that reconciliations are reviewed for accuracy 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 bank reconciliations be prepared accurately and in a timely manner. In addition, all reconciling items should be reviewed for accuracy by someone other than the preparer and any errors should be investigated and corrected immediately.

**Management Response:**

**County Treasurer:** The general bank account will be an area that will be balanced in a timely fashion and the official depository account will be reconciled in a timely fashion foreseeing balancing problems can be resolved in a timely manner from other offices involved.

**Auditor Response:** As of 6/18/2015, management had not investigated and corrected the issues with official depository bank account reconciliation. Additionally, the reconciliation on the general bank account was not received by OSAI until March and all reconciling items used could not be verified.

**Criteria:** To help ensure a proper accounting of funds, bank reconciliations should be performed on all bank accounts on a monthly basis, reconciliations should be reviewed for accuracy by someone other than the preparer and any errors should be investigated and corrected immediately.

**Finding 2015-03 – Official Depository Accounts**

**Condition:** During our review of the County Treasurer’s Monthly reports the following was noted:

- In September 2014 the ending balance of \$909.37 for the official depository account “County Jail” did not agree to the beginning October 2014 beginning balance of -\$276.13, suggesting a manual override of the accounting system. This discrepancy resulted in a variance of \$1,185.50 between the general ledger balance and the official depository ledger balance for the months of October 2014, November 2014, December 2014, and January 2015.
- In October of 2014 the official depository account “County Sheriff” had a balance of -\$8,683.84 indicating vouchers were issued without cash being available in the respective funds.

**Cause of Condition:** Procedures within the official depository have not been designed and implemented to ensure ending monthly balances agree to beginning monthly balances and any discrepancies are

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rectified and to ensure adequate cash is available prior to the issuance and registering of official depository vouchers.

**Effect of Condition:** These conditions could result in misstatement assets, errors going undetected, and the possibility of the County expending funds that are not available.

**Recommendation:** OSAI strongly recommends the County Treasurer verify that the beginning and ending balances reconcile and ensure cash is available prior to the registration of any vouchers. If funds are not available, the County Treasurer should not register the vouchers.

**Management Response:**

**County Treasurer:** The mentioned items pertaining to official depository have been reviewed and will be corrected.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds manual overrides should not be performed to adjust beginning and ending balance. Additionally, failure to perform tasks that are part of internal controls, such as verifying that there is sufficient cash on hand prior to registering vouchers, is a deficiency in internal controls.



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