

STATUTORY REPORT

ROGERS COUNTY TREASURER TURNOVER

June 26, 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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
CATHY PINKERTON-BAKER
ROGERS COUNTY TREASURER
JUNE 26, 2015**

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Oklahoma State Auditor & Inspector

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October 16, 2015

BOARD OF COUNTY COMMISSIONERS
ROGERS COUNTY COURTHOUSE
CLAREMORE, OKLAHOMA 74017

Transmitted herewith is the Roger County Officer Turnover Statutory Report for June 26, 2015. The engagement was conducted in accordance with 19 O.S. § 171.

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

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for June 26, 2015:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that the County Treasurer's account balances reconcile with bank records, and that all funds are properly covered by pledged collateral per 62 O.S. § 511.

Information addressed in this report is the representation of the respective county officer.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

September 23, 2015

**COUNTY OFFICER TURNOVER STATUTORY REPORT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: During our review of inventory in the Treasurer’s Office, it was noted that the Treasurer’s office was not assigning asset tags or otherwise marking fixed assets. OSAI noted the following exceptions:

- The following item was listed on the inventory records with an incorrect identification number and an incorrect serial number.

Item Number/ Serial Number	Item Description	Cost
C-218.28/6B8BJ	Dell OptiPlex 7010 Mini Tower CPU	\$1,050.00

- The following item was located in the office but was not on the inventory list and did not have an inventory tag attached.

Item Number/ Serial Number	Item Description	Cost
219CF21	Dell OptiPlex 7010 CPU Mini Tower CPU	Unknown

- The following item was transferred to District 1 but transfer documentation could not be located.

Item Number/ Serial Number	Item Description	Cost
C-105.13	Desk-Nova WorkStation	\$1,467.66

Cause of Condition: Policies and procedures have not been designed to ensure that inventory on hand is being compared to the fixed assets list on an annual basis. Furthermore, procedures have not been implemented regarding the accurate identification and reporting of fixed assets, and proper surplus procedures are not being followed to remove items from inventory.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Failure to maintain accurate identification and records of fixed assets, failure to perform a periodic physical inventory of assets, and failure to surplus items properly could result in inaccurate records, unauthorized use of assets, or misappropriation of assets.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the County implement internal control policies and procedures to ensure the periodic physical verification of fixed assets to inventory records. Additionally, inventory records should be maintained and reflect the actual fixed assets for the respective office. OSAI also recommends fixed assets inventory be documented and filed with the County Clerk and inventory items only be disposed of upon being declared surplus by the Board of County Commissioners.

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OSAI recommends management implement controls to comply with 69 O.S. § 645 regarding the proper marking of fixed assets. Further, OSAI recommends the County comply with Title 19 O.S. § 178.1 that provides guidance for maintaining an inventory of fixed assets and taking an inventory of those fixed assets including initials and date of the employee conducting the verification.

Management Response:

Former County Treasurer - Kathy Pinkerton-Baker: The workstation was given to District 1 but no transfer was documented, also the towers were accounted for but were not documented correctly on the inventory list, all items have now been accounted for.

Criteria: Title 19 O.S. § 178.1 states in part, “The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record... annually thereafter, or oftener...”

Title 69 O.S. § 645 states in part, “all county owned, rented, or leased road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY...”

2015-01 – General Ledger Balances and Monthly Bank Reconciliations

Condition: Based on the review of the general ledger and fiscal year 2015 monthly bank reconciliations the following was noted:

- The general ledger noted Protest Tax Investment #605907 in the amount of \$1,816.00 which was redeemed on January 1, 2014. This was not properly recorded and resulted in the general ledger being overstated in the amount of \$1,816.00.
- Fund balances and bank balances on the general ledger did not reconcile.
- The official depository bank account reconciliations were not performed in a timely manner, had numerous errors, unidentified variances, and as of June 30, 2015 were unable to be reconciled.
- The general bank account reconciliations were not performed in a timely manner, had numerous errors, unidentified variances, and as of June 30, 2015 were unable to be reconciled.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the accuracy of the general ledger and that 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 resulted in unrecorded transactions, misstated financial reports, or undetected errors. This condition could result in misappropriation of funds.

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Recommendation: OSAI recommends management implement procedures to ensure the accuracy of the general ledger and to ensure bank reconciliations are 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:

Former County Treasurer - Kathy Pinkerton-Baker: The bank account was being balanced but was not in a timely fashion due to balancing problems. The GL and OD was being reconciled but was unable to do so in a timely fashion due to balancing problems.

Auditor Response: Although bank reconciliations were performed during the fiscal year; these reconciliations were not performed timely, were not reviewed for accuracy, and contained numerous errors. OSAI could not determine that bank balances reconciled to the County's general ledger balances.

Criteria: To help ensure a proper accounting of funds, the general ledger should be reviewed for accuracy, investment balances should be reconciled to bank balances, 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.



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