

STATUTORY REPORT

ROGERS COUNTY TREASURER

March 23, 2011



*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 BAKER, COUNTY TREASURER
ROGERS COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 23, 2011**

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Oklahoma State Auditor & Inspector

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August 2, 2011

BOARD OF COUNTY COMMISSIONERS
ROGERS COUNTY COURTHOUSE
CLAREMORE, OKLAHOMA 74017

Transmitted herewith is the Rogers County Treasurer Statutory Report for March 23, 2011. 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,

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



Oklahoma State Auditor & Inspector

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

Dear Ms. Baker:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for March 23, 2011:

- 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 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.

Sincerely,

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

July 15, 2011

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – 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 assets, and record transactions.

Condition: OSAI noted the following concerns in regards to recording, authorization, custody, and execution of revenue and expenditure transactions:

- All employees open the mail, receive money, write receipts, post receipts to cash book, prepare billings, and post payments to customer accounts.
- Four employees prepare vouchers, authorize purchases, prepare claims, and approve claims for payment.
- Bank reconciliations are not performed.

Effect: By having a single person who has the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions could result in not timely detecting unrecorded transactions, misstated financial reports, undetected 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 control point of view. The most effective controls lie in management's overseeing 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.

Views of responsible officials and planned corrective actions: In response to the findings of your office, this will be corrected.

Finding 2011-2 – Negative General Ledger Balances

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as verifying that there is sufficient cash on hand prior to registering warrants are deficiencies in internal controls.

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Condition: As of March 22, 2011, the following funds had negative balances on the general ledger:

- New Courthouse Project Fund – (\$72,641.27),
- Special Assessments Fund – (\$407,291.45), and
- CDBG Grants Fund – (\$3,920.00)

Effect: This results in expending amounts greater than funds available.

Recommendation: OSAI recommends the County Treasurer verify cash is available in the funds prior to the registration of any warrants.

Views of responsible officials and planned corrective actions: In response to the findings of your office, this will be corrected.

Finding 2011-3 – Bank Reconciliations

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, reconciliations should be performed between bank accounts and the County's general ledger. These reconciliations should also be reviewed and approved by someone other than the preparer.

Condition: Based on test work procedures performed, it appears that bank reconciliations are not being performed on the Official Depository Account and reconciliations could not be performed due to an error in the system change over. Accounts had not been reconciled since January 2011.

Effect: By failing to perform, review, and approve reconciliations increases the risk of unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure that bank reconciliations are performed on a monthly basis and that the reconciliations are approved/reviewed by someone other than the preparer.

Views of responsible officials and planned corrective actions: In response to the findings of your office, this will be corrected.

Finding 2011-4 – Investment Ledger

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the investment ledger should be maintained, and reconciled to the general ledger and bank statements on a timely basis.

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Condition: Based on test work procedures performed, OSAI was unable to reconcile the investment ledger to the general ledger and the bank confirmations at March 22, 2011.

Effect: Failing to reconcile the investment ledger and the general ledger to the bank increases the risk of unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure that the investment ledger and the general ledger are properly maintained and reconciled to the bank in a timely manner.

Views of responsible officials and planned corrective actions: In response to the findings of your office, this will be corrected.

Finding 2011-5 – General Ledger

Criteria: Title 19 O.S. § 642 states in part:

The county treasurer shall keep a cash book, in which he shall enter an account of all money by him received...

Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, funds deposited and accounted for in bank accounts should reconcile with the County's General Ledger.

Condition: When reviewing the County's General Ledger, the following was noted as of March 22, 2011:

- The general ledger by funds was \$707,987.92 less than the funds per the bank accounts on the general ledger.
- Cash on hand per the general ledger was \$1,503, but only \$1,270 was accounted for during our cash count.

Effect: By not balancing the funds per the general ledger with the funds per the banks on the general ledger increases the risk of unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds. In addition, the County may not be in compliance with state statutes.

Recommendation: OSAI recommends management take steps, such as monthly reconciliations, to ensure all public fund accounts are accurately reflected and maintained on the Treasurer's general ledger.

Views of responsible officials and planned corrective actions: In response to the findings of your office, this will be corrected.



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