

**SEQUOYAH  
COUNTY  
TREASURER**

APRIL 30, 2009

**STATUTORY  
REPORT**



Oklahoma State Auditor  
& Inspector

**TRICA YATES, COUNTY TREASURER  
SEQUOYAH COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
APRIL 30, 2009**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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September 22, 2009

BOARD OF COUNTY COMMISSIONERS  
SEQUOYAH COUNTY COURTHOUSE  
SALLISAW, OKLAHOMA 74955

Transmitted herewith is the Sequoyah County Treasurer Statutory Report for April 30, 2009. 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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Trica Yates, County Treasurer  
Sequoyah County Courthouse  
Sallisaw, Oklahoma 74955

Dear Ms. Yates:

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

- 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 Sequoyah County.

Based on the above visual verification and confirmation procedures performed, our findings with respect to bank reconciliations and subsidiary records, negative general ledger balance, and pledged collateral are included in the accompanying 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 3, 2009

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Finding 2009-1 – Reconciliation and Subsidiary Records**

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...”

A goal of effective internal controls as related to governmental entities is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, bank reconciliations should be performed monthly, signed by the preparer, and approved by someone other than the preparer.

Condition: During review, OSAI noted the following:

- Federal tax account in the County’s name and tax identification number was not on the Treasurer’s general ledger and was not being reconciled.
- School ledgers had not been updated for the month of April 2009.
- Protest CD investments listed on the general ledger did not agree to the amount reported on the investment ledger.
- Interest had been posted twice for one of the certificate of deposits and posted incorrectly for another certificate of deposit. These errors amounted to \$2,675.36.

Effect: The County is not properly accounting for all monies received, which could result in undetected errors and in some instances could result in misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure all public fund accounts are maintained on the Treasurer’s general ledger, all subsidiary ledgers agree to the general ledger, investments on the general ledger should agree to the investment ledger, and interest should be properly posted.

Views of responsible officials and planned corrective actions: Management chose not to respond.

### **Finding 2009-2 – Negative General Ledger Balance**

Criteria: Title 68 O.S. § 3003 permits the appropriation of federal grant funds not yet received, based on a letter of commitment from the federal government or state pass-through agency. The appropriation allows for purchase orders to be issued prior to the receipt of the federal grant monies in order to expedite the expenditure process. However, the statute does not permit the expenditure of federal funds in excess of the grant fund cash balance.

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

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of internal controls, such as verifying that there is sufficient cash on hand prior to registering warrants are deficiencies in internal controls.

Condition: At April 30, 2009, the HMEP Planning Grant had a cash balance deficit of \$429.03.

Effect: Negative balances on the County's funds indicate that expenditures are being incurred before being properly encumbered.

Recommendation: OSAI recommends the County Treasurer verify cash is available in the fund prior to the registration of any warrants. OSAI further recommends actual expenditures be limited to the amount of cash fund balance on hand as set forth in 68 O.S. § 3003.

Views of responsible officials and planned corrective actions: Management chose not to respond.

**Finding 2009-03 – Fair Market Value of Collateral**

Criteria: Title 62 O.S. § 517.4 part 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 collateral securities, which market value must have been obtained from an independent, recognized and documented source."

Condition: During test work, we noted that Sequoyah County is not recording their pledged collateral at fair market value.

Effect: This condition could result in the County being under-collateralized and possible loss of county funds.

Recommendation: OSAI recommends the County Treasurer obtain from the financial institutions that are authorized as the County's depository banks a pledge report, which lists the market value of all collateral securities. We further recommend the County Treasurer request these reports from their banks on a monthly basis in order to ensure that the County's deposits are properly secured.

Views of responsible officials and planned corrective actions: Management chose not to respond.



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