

STATUTORY REPORT

TEXAS COUNTY TREASURER

November 7, 2012



*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

**RITA WISE, COUNTY TREASURER
TEXAS COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
NOVEMBER 7, 2012**

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Oklahoma State Auditor & Inspector

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March 20, 2013

BOARD OF COUNTY COMMISSIONERS
TEXAS COUNTY COURTHOUSE
GUYMON, OKLAHOMA 73942

Transmitted herewith is the Texas County Treasurer Statutory Report for November 7, 2012. 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Rita Wise, Texas County Treasurer
Texas County Courthouse
Guymon, Oklahoma 73942

Dear Ms. Wise:

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 Texas 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, appearing to read 'Gary A. Jones', is written over a horizontal line.

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

November 18, 2012

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Inadequate Controls Over the Operations of the County Treasurer’s Office

Condition: Upon inquiry and observation of the accounting processes within the County Treasurer’s office, we noted the following inadequacies in control procedures:

- The duties of issuing receipts, posting receipts, preparing the deposit, and reconciling accounting records were not formally segregated among the three employees and County Treasurer.
- Although there are two employees receiving collections, the County Treasurer’s office only uses one cash drawer.
- Additionally, there was no evidence that bank reconciliations are reviewed by anyone other than the preparer.
- The Treasurer generates the apportionment summary from which the distribution to the other funds and entities such as schools and cities is made. On the date of this review, November 8, 2012, which was five business days after the end of October, the apportionments had not been posted.
- The daily reports for the days of November 1st, 2nd, 5th, and 6th, had not been posted on the Treasurer’s computerized ledger.
- Daily work cannot be posted to the computer system until the County Treasurer performs the monthly apportionment. The employee responsible for posting daily activity has developed an Excel spreadsheet to post daily activity until the apportionments have been posted.
- The County Treasurer’s office is maintaining three separate types of accounting records in order to perform the daily duties of the office. The accounting records are not reconciled to one another. The three systems include the computer software system, a manual general ledger, and an Excel spreadsheet for the general ledger.

Cause of Condition: Procedures have not been designed to adequately segregate the duties over the collections process and to provide for accurate and timely financial reporting.

Effect of Condition: These conditions could result in undetected errors, unrecorded transactions, misstated financial statements, or misappropriation of funds.

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Recommendation: OSAI recommends the County Treasurer implement procedures to mitigate the risks of inadequate segregation of duties. In most cases, the persons receiving and receipting funds should not be the individual making the deposit, balancing the cash drawer, and reconciling the accounting records. Each employee receiving funds should maintain a separate cash drawer. Also, records should be posted in a timely and accurate manner.

Management Response: The County Treasurer responded in the following manner:

1. Our office does have segregation of duties among four deputies. One deputy does the depository deposit and we all register vouchers for the other offices, a second deputy does the general deposit, the bookkeeper, a third deputy, and now a fourth deputy post tax receipts on the computer and everyone waits on the counter. The bookkeeper does daily reports and general ledger and a second deputy and I can also do them when she is off. The apportionment and monthly report is worked on by the bookkeeper, a third deputy and me.
2. We do have one cash drawer which we have had for thirty-four years I have worked here and under three prior treasurers. When we take in cash we make a cash ticket with the cash received minus the amount due and the change due and initial it. At the end of the day, the cash tickets are added up and balanced with the cash drawer having \$100.00 left in it, having a cash drawer for each of us would mean more cash in our office, each person would have to balance at the end of the day and then it would have to be added together to get the total to go into the deposit along with the checks posted. We do not have enough room in our safe for more than one cash drawer and I would not want them left at our desks and we do not have room at our desks for a cash drawer. This has only been mentioned in one yearly treasurer's review several years ago and it has not been a problem.
3. Bank reconciliations are done by the bookkeeper and a second deputy and I review them. The bookkeeper or the second deputy initials them and I will initial them also.
4. The apportionment was finished Nov. 9, 2012. The bookkeeper, the second deputy or I work on the apportionment. We have to wait until the first working day of the month to run all of the end of the month reports and balance them with the general ledger. The tenth of the month is when the apportionment is to be done and Nov. 9th it was done.
5. The daily reports are posted to the handwritten general ledger and the daily reports are done the following day after the end of the prior working day. After the apportionment is done, the computer general ledger has the amounts added to each done for the past 27 years since we went on computer.
6. The daily reports are done the following day after the end of the prior business day. The first days of the month the daily reports are not brought over on the computer general ledger until the apportionment is done and put on the computer but they are posted on the manual general ledger. We keep the handwritten general ledger as a double check and if the computers go down as they did several years ago, we have daily bank balances. The bookkeeper made a

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- spreadsheet on her own because she likes to do them and she enters daily activity on them also and balances with the general ledger.
7. The records are reconciled as they have always been, at the end of each day we have a total of collections, mortgage tax, misc. receipts, and taxes and print a deposit which balances with all the collections for that day, the collections then go on a daily report and are put on the general ledger which has to balance. Everything is reconciled and the computer general ledger and reconciling one to the other. The bookkeeper did the spreadsheet because she likes to do spreadsheets and she reconciles it to the general ledger also.

Auditor Response: As stated in the condition, the duties in the County Treasurer's office are not adequately segregated. Although there are four deputies, only one cash drawer is utilized. There was no evidence that bank reconciliations are reviewed by anyone other than the preparer. The apportionment summary and related reports were not current at the date of our audit. The deputies within the office have created two additional methods of accounting for funds (the manual general ledger and the Excel spreadsheet), in order to remain current in the posting of records.

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 receipting, reconciling the cash drawer, preparing and making deposits, and reconciling account balances should be segregated.



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