

STATUTORY REPORT

TEXAS COUNTY TREASURER

August 7, 2013



*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
AUGUST 7, 2013**

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Oklahoma State Auditor & Inspector

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

October 15, 2013

BOARD OF COUNTY COMMISSIONERS
TEXAS COUNTY COURTHOUSE
GUYMON, OKLAHOMA 73942

Transmitted herewith is the Texas County Treasurer Statutory Report for August 7, 2013. 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 that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
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.

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

August 13, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1—Inadequate Internal Controls Over the Operations of the County Treasurer’s Office (Repeat Finding)

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 four employees and County Treasurer.
- Although there are two employees receiving collections, the County Treasurer’s office uses one cash drawer.
- Additionally, there was no evidence that bank statement reconciliations are reviewed by someone other than the preparer.
- The daily reports for the days of August 8, 2013 and August 9, 2013 had not been posted on the Treasurer’s computerized ledger as of August 13, 2013.
- 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 accounting processes 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.

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 deputies. We all work the counter when we are busy. Two of the deputies post taxes to the computer. One deputy does the depository deposit and we all

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register vouchers for the other offices. A second deputy does the general deposit. The bookkeeper or the Treasurer does daily reports and general ledger and another deputy can also perform this duty.

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. I did see where I did not initial the July bank statements.

4. The daily reports were not completed, because we had two warrants that were paid twice by the bank during that time period.

5. The accounting records are reconciled as they have always been. The collections 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 does 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. 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.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV