

STATUTORY REPORT

TILLMAN COUNTY TREASURER

January 10, 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

**KIM LAMB, COUNTY TREASURER
TILLMAN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
JANUARY 10, 2012**

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Oklahoma State Auditor & Inspector

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February 21, 2012

BOARD OF COUNTY COMMISSIONERS
TILLMAN COUNTY COURTHOUSE
FREDERICK, OKLAHOMA 73542

Transmitted herewith is the Tillman County Treasurer Statutory Report for January 10, 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 that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Kim Lamb, Tillman County Treasurer
Tillman County Courthouse
Frederick, Oklahoma 73542

Dear Ms. Lamb:

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 general-purpose financial statements of the 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

January 11, 2012

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2012-1—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 funds, and record transactions.

Condition: The County Treasurer's office has one deputy. The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections. The deputy performs the majority of the receipting, balancing, and preparation for the depository account. Both the Treasurer and the deputy receipt ad valorem monies and the County Treasurer balances, prepares the deposit, and takes the money to be deposited.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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.

Management Response: Due to the fact this office operates on a very limited budget amount, we are only afforded the luxury of two employees; the officer and a first deputy. The plight of rural Oklahoma continues to plague us unfortunately.

Finding 2012-2—Official Deposits

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 funds, and record transactions

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Condition: Reconciliation of the Official Depository bank account revealed a deposit to the bank on January 5, 2012, which reflected \$2,620.17. The County Treasurer's daily reports and general ledger reflected a total of \$2,620.27 as being collected and deposited.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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.

Management Response: Due to the fact this office operates on a very limited budget amount, we are only afforded the luxury of two employees; the officer and a first deputy. The plight of rural Oklahoma continues to plague us unfortunately.

Finding 2012-3—Review of Pledge Securities

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds.

Condition: The County Treasurer receives a summary of collateral pledged by the banks each month but does not review the actual copies of the securities to ensure all copies have been retained in the County Treasurer's office. One of the securities from the First State Bank of Grandfield could not be located in the County Treasurer's office.

Effect: This condition could result in the funds held by the County Treasurer being underpledged in the banking institutions.

Recommendation: OSAI recommends management be aware of all pledged securities and monitor the amount pledged daily to properly secure the County's assets.

Management Response: The missing security from First State Bank was found.

Finding 2012-4—Tax Refund

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds.

Condition: In December 2011, a tax payment was made by a taxpayer with a cashier's check. The tax owed was \$112.50; however, the cashier's check was for \$300.00. This discrepancy was not identified by the County Treasurer, but was noted at the bank. The County Treasurer, in order to rectify the problem, acquired a cashier's check to issue back to the taxpayer for the overpayment.

Effect: Proper procedures in the depositing and withdrawal of funds were not adhered to with regard to accounting for the refund of overpayments.

Recommendation: OSAI recommends management be aware of proper accounting procedures for refunds and issue a cash voucher for the refund of taxes paid in error.

Management Response: We did not consider it an overpayment. We receipted what was due. We did not notice the written line on the cashier's check was not the same as the payment. Although a paper trail and copies of all documents were included in the daily work, a cash voucher will be used in the future.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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