

STATUTORY REPORT

WAGONER COUNTY TREASURER

April 30, 2013



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**DANA PATTEN, COUNTY TREASURER
WAGONER COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 30, 2013**

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Oklahoma State Auditor & Inspector

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September 18, 2013

BOARD OF COUNTY COMMISSIONERS
WAGONER COUNTY COURTHOUSE
WAGONER, OKLAHOMA 74467

Transmitted herewith is the Wagoner County Treasurer Statutory Report for April 30, 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Dana Patten, Wagoner County Treasurer
Wagoner County Courthouse
Wagoner, Oklahoma 74467

Dear Ms. Patten:

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 Wagoner 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".

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

May 14, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Segregation of Duties

Condition: Upon inquiry and observation of the receipting and balancing process of the County Treasurer's office, the following was noted:

- The County Treasurer has six full-time deputies that work from one cash drawer. While the County Treasurer has implemented some controls, employees that issue receipts, also prepare the deposit and/or take the deposit to the bank, as well as balance cash drawer and perform bank reconciliations.

Cause of Condition: Procedures have not been designed to adequately segregate the duties over the receipting and balancing process within the office of the County Treasurer.

Effect of Condition: 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: Oklahoma State Auditor & Inspector Office (OASI) recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's overseeing of office operations and a periodic review of operations. Further, 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 procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response: The review of processes and procedures is ongoing, with changes in operations made gradually. Currently, the single cash drawer situation is being changed over to multiple cash drawers, one for each receiver of cash. While duties are rotated regularly to ensure that all employees are trained to cover the multiple processes; they are also double checked and steps are taken to ensure that no one person has all responsibilities or overlapping duties at any given time. Key functions are separated within this rotation of duties.

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 receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.



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