

STATUTORY REPORT

# WAGONER COUNTY TREASURER TURNOVER

June 15, 2011



*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

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
GLORIA MARSHALL  
WAGONER COUNTY TREASURER  
JUNE 15, 2011**

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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

August 2, 2011

BOARD OF COUNTY COMMISSIONERS  
WAGONER COUNTY COURTHOUSE  
WAGONER, OKLAHOMA 74467

Transmitted herewith is the Wagoner County Officer Turnover Statutory Report for June 15, 2011. The engagement was conducted in accordance with 19 O.S. § 171.

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 "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



# Oklahoma State Auditor & Inspector

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Gloria Marshall  
Wagoner County Treasurer  
Wagoner County Courthouse  
Wagoner, Oklahoma 74467

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for June 15, 2011:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the County Treasurer's account balances reconcile with bank records, and all funds are properly covered by pledged collateral per 62 O.S. § 511.

Information addressed in this report is the representation of the respective county officers.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink that reads "Gary A. Jones".

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

June 17, 2011

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2011-1 – Lack of Inventory**

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener...

Title 19 O.S. § 421 states:

From and after the effective date of this act, each board of county commissioners of the several counties in the state shall within thirty (30) days after the disposition of any tools, apparatus, machinery, and equipment belonging to the county or leased or otherwise let to it or any department thereof, the original cost of which is more than Five Hundred Dollars (\$500.00), whether sold, exchanged, junked, leased or let where authorized by statute, shall enter, or cause to be entered, in the minutes of the proceedings of the board the fact of such disposition, including complete description of item, serial number, the date property was acquired, the name and address of the person or firm from whom property was acquired, the cost price at time of acquisition or contract price if acquired under lease-rental agreement, the date of disposition, the name and address of the person or firm to whom property transferred, the price received therefore and the reason for disposition.

Condition: Based on test work performed, it appears equipment inventory lists were not up-to-date and did not have serial numbers or costs. Several items did not have county identification numbers. An accurate inventory record was not on file with the County Clerk's office.

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: OSAI recommends the Board of County Commissioners cause to be taken a biennial inventory of all working tools, apparatus, machinery, and equipment belonging to the County. OSAI also recommends that these inventories be documented and filed with the County Clerk.

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Views of responsible officials and planned corrective actions:

**Incoming Wagoner County Treasurer, Dana G. Patten –**

The Treasurer's Office is in the process of updating and documenting all inventories, not only that which is required but also in case of a disaster recovery need.

**Finding 2011-2 – 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 assets, and record transactions.

Condition: We noted the following concerns in regards to recording, authorization, custody, and execution of expenditure transactions:

- One employee prepares official depository tickets, takes deposits to the bank, posts daily receipts to the ledger, reconciles the account, prepares billings, mails statements, calculates vouchers, reviews vouchers, prepares vouchers, signs vouchers, and posts vouchers.

Effect: By having a single person who has the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions could result in not timely detecting unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

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. 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.

Views of responsible officials and planned corrective actions:

**Incoming Wagoner County Treasurer, Dana G. Patten –**

While all employees are cross-trained and rotations occur for maintaining familiarity with procedures, every process is checked by another person to assure that no one person carries any one account through an entire processing. These procedures are currently under review as well.

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**Finding 2011-3 – Investment Ledger**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the investment ledger should be maintained and should mirror the bank statements issued by the County's banks. The investment ledger should also be reconciled to the general ledger and Treasurer's statements.

Condition: Interest in the amount of \$21,939.01 and \$25,233.08 for investments #1008923902 and #1008924089, respectively, was not on the general ledger or the investment ledger at June 14, 2011.

Also, account numbers in the investment ledger (#1008931042, #10088931107, and #1008924127) did not match account numbers per the bank (#1012237614, #1012232833, and #1011279593).

Effect: By failing to record correct account numbers and reconcile the investment ledger and the general ledger to the bank balances, misstatements or misappropriation of funds could occur and not be detected in a timely manner.

Recommendation: OSAI recommends management take steps to ensure that the investment ledger and the general ledger are properly maintained and reconciled to the bank balances.

Views of responsible officials and planned corrective actions:

**Incoming Wagoner County Treasurer, Dana G. Patten –**

All investments are being reviewed and the lapses or errors are to be rectified as soon as possible.



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