

**WASHINGTON
COUNTY
TREASURER'S OFFICE**

JULY 1, 2006 THROUGH
JANUARY 15, 2008

**SPECIAL
AUDIT**



Jeff A. McMahan

Oklahoma State Auditor
& Inspector



JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The District Attorney requested
the audit pursuant to 74 O.S. 2001,
§ 212(H).



Washington County Treasurer's Office Special Audit Report July 1, 2006 – January 15, 2008

Audit Summary:

- ✓ There were miscalculations in apportionments. **Pg 3**
- ✓ County records were maintained at an employee's home. **Pg 3**
- ✓ No unusual transactions were noted while reviewing the Resale Property claims. **Pg 4**
- ✓ One Treasurer's Office employee paid their personal property taxes after the due date. **Pg 4**
- ✓ A sample of Official Depository collections were reconciled to the deposits, with no exceptions. **Pg 4**
- ✓ A sample was selected in which cash compositions were performed for the Treasurer's Official Depository account, with no exceptions noted. **Pg 4**
- ✓ OSAI reviewed two hundred sixty-four (264) Official Depository vouchers to determine expenditures were valid and proper documentation was attached. No exceptions were noted. **Pg 4**
- ✓ Investment purchases and liquidations during the audit period were traced to the general ledger. Investment purchases and liquidations were traced to the investment documents maintained in the vault. **Pg 4**
- ✓ A sample of liquidated investments were traced to deposits and transfers of interest were traced to miscellaneous receipts. **Pg 4**
- ✓ OSAI was unable to determine which employees logged into the computer system since the software does not track logins. **Pg 5**
- ✓ Based on the login history, the Treasurer never logged into the cash management system (on-line banking). **Pg 5**

To view a copy of the entire report, please visit our website at: www.sai.state.ok.us.

If you have questions or would like to contact our office, please call (405) 521-3495.

WASHINGTON COUNTY TREASURER'S OFFICE

WASHINGTON COUNTY

SPECIAL AUDIT REPORT

JULY 1, 2006 THROUGH JANUARY 15, 2008

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, § 212 (H) and 74 O.S. 2001, § 3105. Thirty-five copies have been prepared and distributed at a cost of \$27.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

March 10, 2008

Honorable Frederick Esser, District Attorney
District No. 11
420 S. Johnstone
Bartlesville, Oklahoma 74003

Transmitted herewith is the Special Audit Report of the Washington County Treasurer's Office. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(H)**.

A report of this type tends to be critical in nature; however, failure to report commendable features in the present accounting and operating procedures of the entity should not be interpreted to mean they do not exist.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

Michelle R. Day, Esq.
Deputy State Auditor and Inspector

**WASHINGTON COUNTY TREASURER'S OFFICE
WASHINGTON COUNTY
SPECIAL AUDIT REPORT
JULY 1, 2006 THROUGH JANUARY 15, 2008**

TABLE OF CONTENTS

	PAGE
BOARD OF COUNTY COMMISSIONERS	ii
STATE AUDITOR AND INSPECTOR'S REPORT	1
INTRODUCTION	2
PROCEDURES, FINDINGS, AND RECOMMENDATIONS	3

**WASHINGTON COUNTY TREASURER'S OFFICE
WASHINGTON COUNTY
SPECIAL AUDIT REPORT
JULY 1, 2006 THROUGH JANUARY 15, 2008**

BOARD OF COUNTY COMMISSIONERS

Mike Dunlap Chairman
Gary Deckard..... District 1 Commissioner
Linda Herndon District 2 Commissioner

COUNTY TREASURER
Stan Stevens



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Mr. Mike Dunlap, Chairman
Washington County Board of County Commissioners
400 S. Johnstone Avenue, Courthouse Annex
Bartlesville, Oklahoma 74003

Dear Mr. Dunlap:

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we performed a special audit with respect to the Washington County Treasurer's Office, for the period July 1, 2006 through January 15, 2008.

The objectives of our special audit primarily included, but were not limited to, concerns expressed by the District Attorney. Our findings and concerns related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Washington County Treasurer's Office for the period July 1, 2006 through January 15, 2008. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Treasurer's Office.

This report is intended solely for the information and use of the District Attorney, the Board of County Commissioners and Administration of the Treasurer's Office 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. 2001, § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,

Handwritten signature of Michelle R. Day in blue ink.

Michelle R. Day, Esq.
Deputy State Auditor and Inspector

February 7, 2008

INTRODUCTION

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

Pursuant to the District Attorney's request, the Oklahoma State Auditor and Inspector (OSAI) conducted an audit of the records of the Washington County Treasurer, primarily those records relating to the concerns expressed by the District Attorney. The results of the audit are in the following report.

PROCEDURES, FINDINGS AND RECOMMENDATIONS:

TAXES/APPORTIONMENTS

A data file of 2006 tax collections for fiscal year July 2006 through June 2007, which was generated by the first deputy of Washington County, was reviewed to determine whether collections were apportioned correctly.

The first review of the 2006 taxes included what was collected during the following months of November 2006, December 2006, January 2007, February 2007, March 2007, April 2007, May 2007 and June 2007.

November 2006, December 2006, January 2007, April 2007 and May 2007 collections were traced to apportionments with no exceptions.

February 2007 taxes collected for 2006 taxes reflected a refund of taxes paid during December 2006 and refunded during February 2007, which resulted in a negative amount to be apportioned in the tax collection system for February 2007. The amount was off by \$18,931.76; of this amount \$364.41 was entered into the computer as cancelled payments for December 2006 but should have been entered as a refund. This was corrected during February 2007, which leaves \$18,567.35 to be withheld from the apportionments for March 2007. This amount should have been withheld in March 2007 for millcode 100070.

March 2007 taxes reflected that an additional \$854.20 was apportioned than what should have been apportioned.

June 2007 tax collections reflected \$6,030.63 in interest that should have been apportioned. The Treasurer's Office apportioned \$4,033.45. The former first deputy who handles apportionments indicated she does not know why she did not correctly apportion the interest.

OSAI reviewed another data file of the County's collections for 2007 taxes generated by the first deputy for the month of December 2007 and apportioned January 2008.

December 2007 collections for 2007 taxes reflected that \$371.00 in 2006 taxes were apportioned incorrectly as 2007 taxes.

It was also noted that several printouts and special apportionment documents were being kept at an employee's home. This appears to be a violation of 51 O.S. § 7 which states:

It shall be unlawful for any officer elected or appointed under the laws of the state to keep the books, papers, records, or other public property used in his office, at any place other than that in which he is required by law to keep said office.

RECOMMENDATION: OSAI recommends the proper adjustments be made to the apportioned tax and interest amounts.

OSAI also recommends that the Treasurer's Office implement more checks and balances to verify the apportionments for accuracy. Additionally, public records should be maintained at the County Treasurer's office at all times.

RESALE VOUCHERS

OSAI reviewed Resale Property cash voucher claims for the period July 2006 through December 2008 for any unusual transactions. No unusual transactions were noted.

RECOMMENDATION: No recommendation necessary.

EMPLOYEE TAXES

OSAI obtained 2006 and 2007 tax statements for each employee in the Treasurer's Office and the former Commissioner's secretary to verify whether each employee paid their property taxes. One employee paid their 2007 taxes in the amount of \$28.23 on January 29, 2008, the date of our request for these documents, which was after the due date. The payment included an amount for interest.

RECOMMENDATION: OSAI recommends all employees pay their property taxes in a timely manner.

OFFICIAL DEPOSITORY

The Treasurer's Office posts deposits brought in by the various offices. A daily collection report is generated from these postings. OSAI selected 22 days and reconciled the collection reports to the bank deposits made by the Treasurer's Office.

For the months of November and December 2007, we performed a cash composition test from the Treasurer's receipts. OSAI traced the composition of cash and checks from the treasurer's receipts to the composition of cash and checks on the bank deposit tickets. The deposit totals were traced to the corresponding daily report total of collections for the Treasurer's Office. No exceptions were noted.

OSAI also tested two hundred sixty-four (264) vouchers and claims to determine whether expenditures were valid and proper documentation was attached. No exceptions were noted.

RECOMMENDATION: No recommendation is necessary

INVESTMENTS

For the period July 2006 through November 2007, OSAI traced all investment purchases and liquidations from the investment ledger to the general ledger. OSAI then traced all purchases and liquidations to the hard copy investment documents maintained in the vault.

OSAI traced thirty-eight percent (38%) of the liquidated investments to the corresponding deposits in the general bank account and all transfers of interest were traced to a miscellaneous receipt.

No exceptions were noted.

RECOMMENDATION: No recommendation is necessary.

SYSTEM LOGINS

OSAI requested a login history for the Manatron computer system to determine if the Treasurer logged into the system. OSAI was provided documentation indicating the system software does not track logins.

OSAI requested a login history for the cash management system, which is the account information for the Treasurer's Office bank accounts to determine if the Treasurer had logged in. The login history indicated only two employees had logged in and the Treasurer had not.

RECOMMENDATION: No recommendation is necessary.

* * *

Throughout this report there are references to State Statutes and legal authorities which appear to be potentially relevant to issues raised by the District Attorney and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific Statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Treasurer's Office or any of the individuals named in this report or acting on behalf of the Treasurer's Office have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the Treasurer's Office policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.



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

WWW.SAI.STATE.OK.US