

**COUNTY OFFICER TURNOVER REPORT
STAN STEVENS
WASHINGTON COUNTY TREASURER
FEBRUARY 29, 2008**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

August 8, 2008

BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY COURTHOUSE
BARTLESVILLE, OKLAHOMA 74003

Transmitted herewith is the Washington County Treasurer, Officer Turnover Report for February 29, 2008. 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 "Michelle R. Day".

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

Stan Stevens
Washington County Treasurer
Washington County Courthouse
Bartlesville, Oklahoma 74003

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

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.
- Verify that the County Treasurer's account balances and investment ledger 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, the amount of total claims approved for the operation of said Office was not in excess of limitations, and all funds were being properly covered by pledged collateral. With respect to equipment items on hand agreeing with inventory records; and County Treasurer's account balances reconciling with bank records, our findings are included in the schedule of findings and responses.

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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

February 29, 2008

**STAN STEVENS, COUNTY TREASURER
WASHINGTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES**

Finding 2008-01 - General Ledger

Criteria: Title 19 O.S. § 625 states in part, “The county treasurer shall keep a fair and accurate account of the monies by him received showing the amount...and on what account received, in cash, warrants, county or road orders; and if in warrants or orders, their kind, number or other designation, amounts for which they were drawn, interest due thereon, and the amounts of the receipts thereon endorsed, also of all disbursements by him made...on what account, and the amounts paid; and he shall so arrange his books that the amounts received and paid on account of each separate and distinct fund or appropriation shall be exhibited in separate and distinct columns or account...”

To help ensure a proper accounting of funds, a reconciliation should be performed on a monthly basis between the Treasurer’s bank accounts and the County general ledger.

Condition: We noted that the general ledger had not been maintained on a daily basis. At the time of fieldwork, the Treasurer’s office had input general ledger entries onto a new computer system through January 5, 2008. Since there was not a general ledger that was current, bank reconciliations could not be performed between the bank and the books (general ledger.)

Effect: Due to the lack of the general ledger being maintained on a daily basis and the bank statements not being reconciled to the general ledger, increases the risk of misappropriations of county funds.

Recommendation: We recommend the Treasurer’s office ensure the general ledger be brought up-to-date and maintained accurately on a daily basis. In addition, the bank statements should be used to reconcile with the general ledger on a monthly basis.

Views of responsible officials and planned corrective actions: The delays and delinquencies related to the general ledger not being maintained on a daily basis was directly associated with the new software vendor problems. The Treasurer’s office is now maintaining the general ledger on a daily basis and reconciling the bank statements as prescribed.

Finding 2008-02 - Inventory Records

Criteria: Per 19 O.S. § 178.1, “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 thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into the custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased or let where authorized by statute, junked, strayed or stolen, and biennially thereafter, or oftener in event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office and as part and parcel of the accounting required

**STAN STEVENS, COUNTY TREASURER
WASHINGTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES**

by law of a retiring or re-elected officer, and, as to appointive heads of departments amenable directly to the board of county commissioners...”

The County Clerk should also maintain a copy of the inventory records of all other county officers.

Condition:

- 1) The last inventory listing on file with the County Clerk for the Treasurer’s office was as of June 30, 2006. The Treasurer’s office did not have an up-to-date inventory of all fixed assets in excess of \$500.00 for fiscal year 2007 on file with the County Clerk.
- 2) An inventory listing was taken of the Treasurer’s office furniture and equipment using the inventory listing that the Treasurer’s office had on file, entitled, “Treasurer Inventory 2007-2008,” and the inventory cards on file with the County Clerk’s office. The physical inventory of the County Treasurer’s office was taken with the interim County Treasurer.

There were six (6) items observed in the office which were not listed on the inventory listing, as follows:

- Roller
- Two (2) letter files with 8 drawers per file.
- Check scanner Canon Plexwriter Premium II
- Inspiron Computer
- One (1) two (2) drawer lateral file.

There were five (5) items that did not have an inventory sticker.
One item was broken and should be salvaged.

Recommendation: We recommend the County Treasurer’s office file an inventory with the County Clerk of all fixed assets which belong to the County. In addition, if there are items that are deemed unusable, the items should be discarded and a resolution should be filed with the Board of County Commissioners listing the items to be discarded prior to the items being removed from inventory.

Views of responsible officials and planned corrective actions:

1. The annual inventory prepared by the Treasurer’s Office was not filed with the County Clerk. However the inventory was prepared and subsequently filed with the County Clerk’s office. Additionally the 2007-08 inventory report has also been filed with the Clerk’s office.
2. Inventory corrections listed in this section have been satisfied with two exceptions noted. The Roller file and two letter files with 8 drawers per file have not been reflected on the Treasurer’s office inventory for many years. Therefore, it is impossible, in my opinion, to assign a monetary value on said items and place them on the official inventory listing.

All other conditions noted in your report have been corrected.

SA&I response: According to 19 O.S. § 178.1, an inventory should be maintained for items costing more than Five Hundred Dollars (\$500.00). Although we realize that these items have never been shown on the inventory, we would recommend that an estimate of the cost of the two items be made. If an estimate of the cost of each item is less than \$500.00 per item, then the statutes do not require these items to be

**STAN STEVENS, COUNTY TREASURER
WASHINGTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES**

shown on the inventory. If the cost of each item is estimated at \$500.00 or more, we recommend the item(s) be reflected on the inventory. Those items in excess of \$500.00 as estimated should be clearly marked the amount is an estimate.

Finding 2008-05 – Investment Ledger, General Ledger

Criteria: Demonstration of accountability and stewardship are overall goals of governmental entities. To help ensure a proper accounting of funds, the Treasurer should maintain an accurate investment ledger for each investment purchased.

Condition: When reviewing the Treasurer’s investment ledger and comparing to confirmation from the depository banks and institutions, we noted:

- (1) The interest rate recorded on the investment ledger did not always agree with the current interest rate per the bank, for the following investments:

Federal Home Loan Bank	3133M3-H3-2
Banco Santander PR	059646CL1
Federal Home Loan Bank Call Bond	31339X7E8
Federal Home Loan Bank (FHLB)	3133X9XM7
Federal Farm Credit	31331S2S1
FNMA	3136F3NH5
Federal Home Loan Bank (FHLB)	3133X8STO
Capital One Bank	5544627L9

- (2) One investment had been liquidated but was shown on the investment ledger as a current investment, as follows:

Cathay Bank	149159AV7
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- (3) The amount confirmed with the bank did not always agree with the amount as shown on the investment ledger, for the following investments:

Federal Home Loan Bank (FHLB)	3133X9XM7
Federal Farm Credit	31331S2S1
FNMA	3136F3NH5
Federal Home Loan Bank (FHLB)	3133X8STO
GE Money Bank UT	36159ABU3
Toyota Finl Svg Bk NV	89235MAJO

- (4) The investment ledger did not foot correctly when active investments were added together.

**STAN STEVENS, COUNTY TREASURER
WASHINGTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES**

- (5) The investment ledger did not agree to the general ledger totals. The difference was \$26,860.30.

Recommendation: We recommend the County Treasurer make efforts to ensure that entries are accurate on the investment ledger, in particular: the purchase date, principal amount, carrying amount and interest rate. While we realize the carrying amount or the value on a particular date may change, as well as the interest rate, we recommend the Treasurer's office maintain their investment ledger as currently and accurately as possible. This will help ensure that all of the accounts on deposit are fully collateralized.

Views of responsible officials and planned corrective actions:

The Washington County Treasurer's Office does maintain an investment ledger which is reconciled to the general ledger on a monthly basis.

1. Interest rates recorded on the Treasurer's investment ledger are yield to maturity rates. That may indeed differ from the current interest rate the institution is reporting prior to maturity. One exception was noted for the investment at Capital One Bank. The interest rate was typed incorrectly on the ledger.
2. Our records indicate that this investment was not part of the current investment schedule and had indeed been liquidated in 2007.
3. Records again indicate that the amounts shown on the investment ledger indeed are confirmed by the participating institutions.
4. An error was discovered in the amount column for a single investment. That amount however was not duplicated in the General Ledger and therefore, corrected and reconciled.
5. The previously mentioned investment was for \$97,000.00 but recorded on the Ledger as \$70,000.00. The General Ledger did reflect the proper amount and subsequently corrected on the Investment Ledger.

SA&I response: Accurate accounting records are a demonstration of the stewardship of taxpayer funds.



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