

STATUTORY REPORT

WASHINGTON COUNTY TREASURER

March 31, 2016



*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

**BRAD JOHNSON, COUNTY TREASURER
WASHINGTON COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 31, 2016**

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Oklahoma State Auditor & Inspector

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June 7, 2016

BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY COURTHOUSE
BARTLESVILLE, OKLAHOMA 74003

Transmitted herewith is the Washington County Treasurer Statutory Report for March 31, 2016. 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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Brad Johnson, Washington County Treasurer
Washington County Courthouse
Bartlesville, Oklahoma 74003

Dear Mr. Johnson:

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 Washington 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 24, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 – Recording of Cash On Hand

Condition: Based on test work and inquiry, it was determined that cash on hand recorded on the Treasurer's general ledger did not include:

- \$150 in the County Health Department
- \$25 in the Assessor's Office

Additionally, the Treasurer's general ledger recorded cash on hand for the Court Clerk as \$100 and \$200 is retained by the Court Clerk as cash on hand.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure cash maintained within the various county offices reconciles to the cash on hand recorded on the Treasurer's general ledger.

Effect of Condition: This condition resulted in noncompliance with state statute. Further, this condition could result in undetected errors and misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends management take the necessary steps to ensure all public fund accounts maintained on the general ledger are accurately presented.

Management Response:

County Treasurer: It is not the responsibility of the Treasurer to know what office has cash on hand or how much they retain. Those amounts will be shown on the general ledger if properly reported and accounted for by the office(s) retaining such funds.

Auditor Response: The maintenance and accuracy of the general ledger is the responsibility of the County Treasurer. These issues were brought to the Treasurer's attention in January of 2016.

Criteria: Title 19 O.S. § 682 allows for each and every county officer to keep in the office from the deposit ...a fund for change. A notation of the retention of this money shall be made in the proper accounting records...

Finding 2016-2 – Internal Controls Over Bank Accounts

Condition: Upon review of the general ledger and bank balance confirmation from financial institutions, it was noted that three accounts filed under the County's name and EIN number are not recorded on the general ledger and monthly reconciliations are not being performed.

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- District Attorney Clearing
- County Clerk Clearing
- Court Clerk Clearing

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all bank accounts in the County's name and under the County's EIN number are accounted for on the Treasurer's general ledger and are being reconciled monthly.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends that any accounts or investments recorded under the County's tax identification number be included on the general ledger, be reconciled on a monthly basis and in a timely manner, and all bank reconciliations reflect an indication of review and approval by someone other than the preparer.

Management Response:

County Treasurer: The clearing accounts listed above are not a part of the general ledger and will not be recorded as such. They are simply clearing accounts and have no substantive reconciliation value.

Auditor Response: These accounts are not clearing accounts. They are accounts set up in order for the various offices of the County to receive revenues derived from payments by credit cards. By not including these accounts on the County's general ledger all revenues of the County are not accounted for. These issues were brought to the Treasurer's attention in January of 2016.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, all accounts under the County's tax identification number should be included on the general ledger, reconciliations of all bank accounts should be performed monthly and reconciliations should include indication of being reviewed and approved by someone other than the prepare.

Title 19 O.S. § 642 states, "The county treasurer shall keep a cash book, in which he shall enter an account of all money by him received, specifying in proper columns provided for that purpose the date of payment, the numbers of receipts issued therefor, by whom paid, and on account of what fund or funds the same were paid, whether state, county or school, road, sinking or other fund, or otherwise, and the treasurer shall keep an account of money received for and on account of taxes separate and distinct from moneys received on any other account, and shall also keep his account of money received for and on account of taxes levied and assessed for any one year separate and distinct from those levied and assessed for any other year."



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