

STATUTORY REPORT

# WOODS COUNTY TREASURER

January 15, 2013



*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

**DAVID MANNING, COUNTY TREASURER  
WOODS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 15, 2013**

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# Oklahoma State Auditor & Inspector

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February 15, 2013

BOARD OF COUNTY COMMISSIONERS  
WOODS COUNTY COURTHOUSE  
ALVA, OKLAHOMA 73717

Transmitted herewith is the Woods County Treasurer Statutory Report for January 15, 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 that reads "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

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David Manning, Woods County Treasurer  
Woods County Courthouse  
Alva, Oklahoma 73717

Dear Mr. Manning:

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 Woods 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 that reads "Gary A. Jones".

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

January 16, 2013

**DAVID MANNING, COUNTY TREASURER  
WOODS COUNTY, OKLAHOMA  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1— Segregation of Duties**

**Condition:** The County Treasurer's office has two deputies. The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections. The Treasurer has one change drawer from which he and all deputies make change. One person may be responsible for receiving, receipting, and depositing money.

**Cause of Condition:** Employees perform the duties of daily balancing and depositing funds for the general and official accounts on an alternating basis. The daily balancing and depositing procedures are not routinely reviewed by another employee. The Treasurer is not in favor of using additional cash drawers, because they would require more change funds to be kept in the office.

**Effect of Condition:** These conditions could result in 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. 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 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 approve accounting functions and implementation of separate cash drawers for staff members that receive funds and issue receipts.

**Management Response:** We have communicated the issue of the limited number of employees in the Woods County Treasurer's Office with the State Auditor's Office on numerous occasions, and I have concluded that we manage a safe and secure procedure of segregation of duties that mitigate the risk involved. Although, we cannot "adequately segregate" all the duties all the time, we are aware of the possible effects of this condition and maintain the records with the upmost accuracy and integrity. I have delegated approval authority throughout my staff which includes initialing reports that have been reviewed. There are always at least two sets of eyes on every transaction.

**Auditor Response:** The duties of receipting and depositing collections in the County Treasurer's office are not adequately segregated.

**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 funds, and record transactions.



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