

STATUTORY REPORT

# WOODS COUNTY TREASURER

May 7, 2014



*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  
MAY 7, 2014**

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# Oklahoma State Auditor & Inspector

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May 23, 2014

BOARD OF COUNTY COMMISSIONERS  
WOODS COUNTY COURTHOUSE  
ALVA, OKLAHOMA 73717

Transmitted herewith is the Woods County Treasurer Statutory Report for May 7, 2014. 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



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

Dear David 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, appearing to read "Gary A. Jones".

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

May 8, 2014

## SCHEDULE OF FINDINGS AND RESPONSES

### **Finding 2014-1— Segregation of Duties and Lack of Controls Over Treasurer Receipting Processes**

**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:** Procedures with regard to segregating the duties over the processes within the office of the County Treasurer have not been designed.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures 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 procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

**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; however, the Treasurer is aware of the possible risks associated with the lack of segregation of duties.

**Criteria:** Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and possible misappropriation of funds.



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