

STATUTORY REPORT

WAGONER COUNTY TREASURER

June 15, 2011



*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

**GLORIA MARSHALL, COUNTY TREASURER
WAGONER COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
JUNE 15, 2011**

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Oklahoma State Auditor & Inspector

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August 2, 2011

BOARD OF COUNTY COMMISSIONERS
WAGONER COUNTY COURTHOUSE
WAGONER, OKLAHOMA 74467

Transmitted herewith is the Wagoner County Treasurer Statutory Report for June 15, 2011. The engagement was conducted in accordance with 74 O.S. § 212.

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 "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Gloria Marshall, County Treasurer
Wagoner County Courthouse
Wagoner, Oklahoma 74467

Dear Ms. Marshall:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for June 15, 2011:

- Review bank reconciliations, visually verify certificates of deposit, and confirm investments.
- Determine whether subsidiary records reconcile to the general ledger.
- Review pledged collateral securing deposits and invested funds.

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 general-purpose financial statements of Wagoner 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

June 17, 2011

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – Segregation of Duties

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 assets, and record transactions.

Condition: OSAI noted the following concerns in regards to recording, authorization, custody, and execution of expenditure transactions:

- One employee prepares official depository tickets, takes deposits to the bank, posts daily receipts to the ledger, reconciles the account, prepares billings, mails statements, calculates vouchers, reviews vouchers, prepares vouchers, signs vouchers, and posts vouchers.

Effect: By having a single person who has the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions could result in not timely detecting 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. 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 approval of accounting functions.

Views of responsible officials and planned corrective actions:

Incoming Wagoner County Treasurer, Dana G. Patten –

While all employees are cross-trained and rotations occur for maintaining familiarity with procedures, every process is checked by another person to assure that no one person carries any one account through an entire processing. These procedures are currently under review as well.

Finding 2011-2 – Investment Ledger

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the investment ledger should be maintained and should mirror the bank statements issued by the County's banks. The investment ledger should also be reconciled to the general ledger and Treasurer's statements.

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Condition: Interest in the amount of \$21,939.01 and \$25,233.08 for investments #1008923902 and #1008924089, respectively, was not on the general ledger or the investment ledger at June 14, 2011.

Also, account numbers in the investment ledger (#1008931042, #10088931107, and #1008924127) did not match account numbers per the bank (#1012237614, #1012232833, and #1011279593).

Effect: By failing to record correct account numbers and reconcile the investment ledger and the general ledger to the bank balances, misstatements or misappropriation of funds could occur and not be detected in a timely manner.

Recommendation: OSAI recommends management take steps to ensure that the investment ledger and the general ledger are properly maintained and reconciled to the bank balances.

Views of responsible officials and planned corrective actions:

Incoming Wagoner County Treasurer, Dana G. Patten –

All investments are being reviewed and the lapses or errors are to be rectified as soon as possible.



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