

Briefing Document: Pottawatomie County Treasurer Statutory Reports (2008-2024)

Integrity of the Game vs Economic Impact (Politics); The Oklahoma Business Plan

Date: November 16, 2024

Purpose: To provide a concise overview of the main themes, important ideas, and any noted issues within the statutory reports issued by the Oklahoma State Auditor & Inspector for the Pottawatomie County Treasurer from 2008 to 2024.

Background:

The Oklahoma State Auditor & Inspector (OSAI) conducts statutory engagements of county treasurers pursuant to 74 O.S. § 212. These engagements are less in scope than a full audit performed under generally accepted auditing standards and do not result in an opinion on the county's general-purpose financial statements. The procedures performed consistently include:

- Review of bank reconciliations.
- Visual verification of certificates of deposit.
- Confirmation of investments.
- Determination of whether subsidiary records reconcile to the general ledger.
- Review of pledged collateral securing deposits and invested funds.

The reports are intended for the information and use of the management of Pottawatomie County but are also a matter of public record.

Key Themes and Consistent Elements:

Standard Procedures: Across all the provided reports (2008-2024), the OSAI consistently performed the same set of limited procedures to assess the cash and investments of Pottawatomie County. The description of these procedures remains virtually identical throughout the years.

Representation of the Treasurer: Each report explicitly states that "All information included in the bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer." This highlights the reliance of the OSAI on the information provided by the Treasurer.

Limited Scope: A crucial disclaimer in every report emphasizes the limited scope of the engagement: "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/general-purpose] financial statements of Pottawatomie County." This is a consistent reminder that these reports offer a specific, rather than comprehensive, review.

Adequate Security: A recurring positive finding across the majority of the reports is the statement: "Based on the above reconciliations, visual verification, and confirmation procedures

Briefing Document: Pottawatomie County Treasurer Statutory Reports (2008-2024)

Integrity of the Game vs Economic Impact (Politics); The Oklahoma Business Plan

performed, the cash and investments of the County are supported by accounting and bank records and are adequately secured to prevent loss in the event of a bank failure."

Focus on Accountability and Fiscal Integrity: The transmittal letters consistently state the goal of the OSAI: "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."

Appreciation for Cooperation: The OSAI consistently expresses appreciation for the assistance and cooperation extended by the Treasurer's office during the engagement.

Changes in Personnel and Reporting Dates:

Michelle Pecore was the County Treasurer in 2008. The report for September 30, 2008, was signed by State Auditor & Inspector Steve Burrage.

Wendy Magnus served as the County Treasurer from at least 2009 to 2022. Reports during this period were primarily signed by State Auditor & Inspector Steve Burrage until 2011, after which Gary A. Jones and then Cindy Byrd signed the reports.

Buddy Anderson is the County Treasurer in 2023 and 2024, with reports signed by State Auditor & Inspector Cindy Byrd.

The reporting period varies slightly. Early reports (2008, 2009) are as of September 30th. Later reports shift to August 31st, with an exception in 2012 (January 31st) and 2014 (two reports, January 31st and September 30th), and 2019 and 2020 (October 31st and November 30th respectively). This suggests a potential shift in the OSAI's scheduling or specific requirements for Pottawatomie County.

The reports became exclusively available online from the August 31, 2010, report onwards, as noted by the statement: "This publication... has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection..." The language evolves slightly over time to include the specific Digital Prairie Collection URL.

Noteworthy Findings:

Segregation of Duties (2009 Report): The only specific finding across all the provided excerpts is in the report for September 30, 2009, which identified an issue with the **segregation of duties** within the Treasurer's office. The report stated:

"Based on inquiries of personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the office were not properly segregated to assure adequate internal control structure." The report highlighted the potential negative effects: "These conditions could result in unrecorded

Briefing Document: Pottawatomie County Treasurer Statutory Reports (2008-2024)

Integrity of the Game vs Economic Impact (Politics); The Oklahoma Business Plan

transactions, misstated financial reports, undetected errors, or misappropriation of funds." The recommendation was for management to be aware of these conditions and perform periodic reviews. The Treasurer's office concurred with the finding and indicated they would perform periodic reviews. It is important to note that this finding was not repeated in subsequent reports within the provided excerpts, suggesting potential corrective action or a change in the OSAI's focus in later engagements.

Absence of Findings (Post-2009):

From the January 31, 2012, report onwards, and also for the 2008 report, the concluding statement regarding the procedures performed is consistently: "Based on our procedures performed, there were no exceptions noted." This indicates that the limited procedures performed by the OSAI did not reveal any issues within the scope of their engagement, with the exception of the 2009 segregation of duties finding.

Conclusion:

The statutory reports for the Pottawatomie County Treasurer, conducted between 2008 and 2024, provide a consistent overview of the limited procedures performed by the Oklahoma State Auditor & Inspector. The primary focus is on ensuring the cash and investments are supported by records and adequately secured. While the vast majority of reports indicate no exceptions were noted based on these limited procedures, the 2009 report highlighted a deficiency in the segregation of duties. The reports consistently emphasize their limited scope and should not be interpreted as a full audit of the county's financial operations. The change in County Treasurers and the shift towards online-only publication are also notable trends observed across these documents.