

STATUTORY REPORT

ATOKA COUNTY COURT CLERK

For the year ended June 30, 2010



*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

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

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Oklahoma State Auditor & Inspector

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March 21, 2011

Barbara Hunt, Court Clerk
Atoka County Courthouse
Atoka, Oklahoma 74525

Transmitted herewith is the statutory report for the Atoka County Court Clerk for the fiscal year ended June 30, 2010. This engagement was conducted in accordance with 20 O.S. §1312. A report of this type is critical in nature; however, we do not intend to imply that there were not commendable features in the present accounting and operating procedures of the Court Clerk.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the conduct of our procedures.

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 written in a cursive, flowing style.

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

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INTRODUCTORY INFORMATION

The Court Clerk is elected by the qualified voters of the County for a term of four years. The primary responsibilities of the Court Clerk are to record, file and maintain the proceedings of the District Court, and perform other duties as directed by the District Court. Other duties and responsibilities of the Court Clerk are as follows: collecting all required Court fees, issuing warrants, orders, writs, subpoenas, passports and certain licenses, maintaining dockets and financial records for the various divisions of the Court, maintaining an appropriation ledger to control and monitor Court Fund expenditures, disbursing District Court funds in accordance with Court instructions and state statutes, and reviewing Court Fund claims for proper supporting documentation before bringing the claims and vouchers to the Court Fund Board for approval.



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Barbara Hunt, Court Clerk
Atoka County Courthouse
Atoka, Oklahoma 74525

Dear Ms. Hunt:

We have performed procedures for fiscal year 2010 activity of the Court Fund Account for the purpose of complying with 20 O.S. § 1312. We have also performed procedures for fiscal year 2010 activity of the Court Clerk Revolving Fund as created by 19 O.S. § 220.

- Test receipts issued to determine whether: (1) the correct fee was collected, and (2) the receipt was properly accounted for in the financial records.
- Test Court Fund vouchers to determine whether the expenditure: (1) was properly supported by a claim, invoice, and receiving documentation, (2) was properly approved, (3) was properly classified, and (4) did not exceed appropriations.
- Test Court Clerk Revolving Fund vouchers to determine whether the expenditure: (1) was properly supported by a claim, invoice, and receiving documentation, and (2) was properly approved.
- Test District Court vouchers to determine whether they were properly accounted for and test supporting documentation for disbursements to determine whether the disbursements were issued in accordance with Court instructions.
- Determine whether Court Fund activity and/or balances reconcile to the County Treasurer's records.
- Determine whether the Court Clerk Revolving activity and/or balances reconcile to the County Treasurer's records.
- Determine whether the District Court case balances reconcile to the County Treasurer's depository ledger.

All information included in the reconciliations, the Court Fund appropriation ledger, the Court Clerk Revolving Fund, the monthly reports, and the cash receipts journal is the representation of the Court Clerk.

Our Court Clerk's engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Atoka County.

Based on the above reconciliations, tests, and procedures performed, and with respect to items tested, the Court Clerk was collecting the correct fees and properly accounting for them; Court Fund vouchers were properly approved, classified, and did not exceed appropriations; Court Clerk Revolving Fund expenditures were properly approved; District Court vouchers were properly accounted for and issued in accordance with Court instructions; Court Fund activity and District Court case balances reconciled with the County Treasurer's records. With respect to Court Fund expenditures and Court Clerk Revolving Fund expenditures being properly supported by a claim, invoice, or receiving documentation, and Court Clerk Revolving Fund balances not reconciling to the County Treasurer's records, our findings are presented in the accompanying schedule of findings and responses. We also noted a matter of segregation of duties, and our finding is presented in the schedule of findings and responses.

We have included in this report the Court Fund Account Report, which was prepared from the Atoka County Court Clerk's quarterly reports, which were submitted to the Administrative Office of the Courts.

We have also included in this report the Court Clerk Revolving Fund Report, which was prepared by the Atoka County Court Clerk, which was submitted to the Administrative Office of the Courts.

This report is intended for the information and use of the Atoka County Court Fund Board and the Administrative Office of the Courts. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



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

January 31, 2011

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2010**

Collections:

Court fund fines, fees, and forfeitures	\$ 446,034
Interest earned on deposits	559
Cancelled vouchers	456
Total collections	<u>447,049</u>

Deductions:

Lump sum budget categories:

Juror expenses	22,186
Trial court attorneys	38,000
Transcripts preliminary	1,057
Transcripts appeals	1,879
General office supplies	5,931
Forms printing	357
Postage and freight	4,830
Publications	53
Books for records and indexes	300
Court reporter supplies	1,074
Gas, water, and electricity	20,000
General telephone expenses	1,847
Long-distance telephone expense	474
Other expenses	401
Total lump sum categories	<u>98,389</u>

Restricted budget categories:

Maintenance of courtroom	3,716
Equipment rental	1,363
Maintenance of equipment	10,865
OCIS services	15,862
Photocopy equipment maintenance	1,520
Per-diem court reporters	168
Part-time court employees	82,175
Total restricted categories	<u>115,669</u>

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2010**

Mandated budget categories:	
Law library	7,000
State judicial fund	<u>209,626</u>
Total mandated categories	<u>216,626</u>
Total deductions	<u>430,684</u>
Collections over (under) deductions	16,365
Beginning account balance July 1, 2009	<u>78,785</u>
Ending account balance June 30, 2010	<u><u>\$ 95,150</u></u>

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND REPORT
JUNE 30, 2010**

Collections:	
Court fund revolving fees	\$ 18,972
Total collections	<u>18,972</u>
Deductions:	
Court clerk revolving fund disbursements	<u>14,032</u>
Total deductions	<u>14,032</u>
Collections over (under) deductions	4,940
Beginning account balance July 1, 2009	<u>86,712</u>
Ending account balance June 30, 2010	<u><u>\$ 91,652</u></u>

Source: Atoka County Court Clerk's Revolving Fund Annual Report (for informational purposes only)

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Finding 2010-1 – Segregation of Duties (Repeat Finding)

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: We noted the following concerns in regards to recording, authorization, custody, and execution of revenue transactions:

There are five full time employees in the Court Clerk's office, including the Court Clerk. The 3rd Deputy performs the duties of opening mail, receiving money/issuing receipts, and preparing deposits. However, this employee is also performing the duties of making the deposit and reconciling the account with the Treasurer.

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

District Court:

The 3rd Deputy performs the duties of preparing vouchers. However, the 3rd Deputy is also performing the duties of signing, mailing vouchers, and reconciling the account with the Treasurer.

Court Fund:

The Court Clerk performs the duties of preparing vouchers. However, the Court Clerk is also performing the duties of signing, mailing vouchers, and reconciling the account with the Treasurer. Also, the Court Clerk is performing the duties of requisitioning and receiving of goods and services for the office.

Effect: 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 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. Regarding the receipting process, the duties identified above should not be performed by one person but should be properly segregated. Regarding the disbursement process, the duties of issuing vouchers and the delivery/disbursement of vouchers should be separated.

Views of responsible officials and planned corrective actions: We do not have separate money, but due to us having so few in the office, it is hard to segregate duties. Someone independent of the money does count it.

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Finding 2010-2 – Court Fund Expenditures

Criteria: Effective procedures are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include preparing claims with invoices and/or supporting documentation for expenditures. Invoices and supporting documentation are important to verify the mathematical accuracy and validity of the expenditure.

Condition: Three of the twenty claims tested for expenditures did not have invoices and/or supporting documentation.

Effect: This condition could result in undetected errors or misappropriation of funds.

Recommendation: OSAI recommends that all expenditures have invoices and/or supporting documentation attached so the mathematical accuracy and validity of the claim can be verified.

Views of responsible officials and planned corrective actions: Will correct this.

Finding 2010-3 –Receipts

Criteria: Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include issuing receipts in numerical sequence.

Condition: The software programs used for the issuance of District Court receipts will, on occasion, skip a receipt number. This occurrence has been known to happen when two Court Clerk employees are issuing receipts at the same time. This causes a gap in the numerical sequence of the receipts issued.

Effect: This condition could result in improprieties being undetected.

Recommendation: OSAI recommends that the Court Clerk take necessary steps to provide for an accurate accounting of District Court receipts by ensuring that receipts are issued in numerical sequence.

Views of responsible officials and planned corrective actions: Will certainly correct this.

Finding 2010-4 – Revolving Fund Expenditures

Criteria: Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include maintaining invoices and/or supporting documentation for all expenditures of the Court Clerk Revolving Fund. Invoices and supporting documentation are important to verify the mathematical accuracy and validity of the expenditure.

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Condition: A test of revolving fund expenditures revealed the following:

- Nine of the twenty-three expenditures tested did not have invoices and/or supporting documentation (travel claims) to support the claim.
- One of the twenty-three expenditures tested was not mathematically correct when compared to the total of the invoices used to support the expenditure. The variance was \$2.17.

Effect: This condition could result in undetected errors and misappropriation of funds.

Recommendation: OSAI recommends that all Court Clerk Revolving Fund expenditures have invoices and/or supporting documentation attached so the mathematical accuracy and validity of the claim can be verified.

Views of responsible officials and planned corrective actions: Will certainly correct this. The County Clerk may not have had a receipt attached. I just failed to provide it to her.

Finding 2010-5 - Voucher Numbers

Criteria: Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include the entities usage of pre-numbered vouchers. Using pre-numbered vouchers is a method of control to avoid the duplication, skipping, and/or loss of vouchers. Furthermore, vouchers should be issued in sequential numerical order.

Condition: The Court Clerk employees manually enter the voucher number when issuing vouchers. The vouchers are pre-numbered with a control number; however, the control numbers are not in sequential numerical order. In addition, when reviewing vouchers, a gap of 900 numbers was noted. The Court Clerk accidentally skipped these numbers when manually entering the voucher numbers for issuance.

Effect: This condition could result in improprieties being undetected.

Recommendation: OSAI recommends that the Court Clerk take necessary steps to provide for an accurate accounting of Court Fund vouchers. Due to the vouchers only having pre-numbered control numbers, OSAI recommends that vouchers be issued in sequential numerical order by voucher number and control number.

Views of responsible officials and planned corrective actions: Will correct this.

Finding 2010-6 – Reconciliation

Criteria: Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include the Court Clerk's reconciliation of office ledgers with the County Treasurer at the end of each month.

**BARBARA HUNT, COURT CLERK
ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Condition: The Court Clerk's Revolving Fund reconciles to the County Clerk at June 30, 2010, but does not reconcile with the County Treasurer. There is a variance between the Revolving Fund end balance and the Treasurer's balance of \$5,385.24.

Effect: This condition could result in misstated financial reports and/or misappropriation of funds.

Recommendation: OSAI recommends that the Court Clerk reconcile the Revolving Fund with the Treasurer every month.

Views of responsible officials and planned corrective actions: Will try to correct this.



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