

**BRYAN
COUNTY
COURT CLERK**

**FOR THE YEAR ENDED
JUNE 30, 2009**

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**SANDY STROUD, COURT CLERK
BRYAN COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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June 7, 2010

Sandy Stroud, Court Clerk
Bryan County Courthouse
Durant, Oklahoma 74701

Transmitted herewith is the statutory report for the Bryan County, Court Clerk for the fiscal year ended June 30, 2009. 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 "Steve Burrage".

STEVE BURRAGE, CPA
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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Sandy Stroud, Court Clerk
Bryan County Courthouse
Durant, Oklahoma 74701

Dear Ms. Stroud:

We have performed procedures for fiscal year 2009 activity of the Court Fund Account for the purpose of complying with 20 O.S. § 1312. We have also performed procedures for fiscal year 2009 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 Bryan County.

Based on the above reconciliations, tests, and procedures performed, the Court Clerk was collecting the correct fees and properly accounting for them; Court Fund vouchers were properly supported, approved, classified, and did not exceed appropriations; Court Clerk Revolving Fund expenditures were properly supported and approved; District Court vouchers were properly accounted for and issued in accordance with Court instructions; Court Fund activity, Court Clerk Revolving Fund financial records, and District Court case balances reconciled with the County Treasurer's records. However, with respect to segregation of duties, our finding is presented in the accompanying schedule of findings and responses.

We have prepared detailed analysis of the Court Fund Account and of the Court Clerk Revolving Fund, which are presented following this report.

This report is intended for the information and use of the Bryan 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.

Sincerely,



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

May 14, 2010

**SANDY STROUD, COURT CLERK
BRYAN COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2009**

Collections:

Court fund fines, fees, and forfeitures	\$ 1,027,908
Interest earned on deposits	992
Cancelled vouchers	793
Total collections	<u>1,029,693</u>

Deductions:

Lump sum budget categories:

Juror expenses	23,919
Trial court attorneys	33,427
Mental health attorneys	2,418
Guardianship ad litem fees	2,020
Transcripts - preliminary and trial	4,602
Transcripts - appeals	7,934
General office supplies	11,927
Forms printing	1,403
Books for records, indexes	20,504
Postage and freight	20,747
Court reporter supplies	2,460
Gas, water, and electricity	10,696
General telephone expenses	3,885
Long-distance telephone expense	417
Other expenses	3,720
Total lump sum categories	<u>150,079</u>

Restricted budget categories:

Maintenance of court area(s)	5,348
Security for court area(s)	17,832
Furniture and fixtures	4,668
Equipment purchases	2,834
Equipment rentals	6,996
Maintenance of equipment	25,019
OCIS services	33,166
Photocopy equipment rentals	7,986
Photocopy equipment maintenance	2,675
Part-time court employees	250,721
Total restricted categories	<u>357,245</u>

**SANDY STROUD, COURT CLERK
BRYAN COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2009**

Mandated budget categories:	
Law library	9,000
State judicial fund	427,909
Total mandated categories	<u>436,909</u>
Total deductions	<u>944,233</u>
Collections over (under) deductions	85,460
Beginning account balance July 1, 2008	<u>113,166</u>
Ending account balance June 30, 2009	<u><u>\$ 198,626</u></u>

**SANDY STROUD, COURT CLERK
BRYAN COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND ANALYSIS
JUNE 30, 2009**

Collections:	
Court fund revolving fees	<u>\$ 106,859</u>
Total collections	<u>106,859</u>
Deductions:	
Court clerk revolving fund disbursements	<u>134,814</u>
Total deductions	<u>134,814</u>
Collections over (under) deductions	(27,955)
Beginning account balance July 1, 2008	<u>142,032</u>
Ending account balance June 30, 2009	<u><u>\$ 114,077</u></u>

**SANDY STROUD, COURT CLERK
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

Finding 2009-1 – 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:

- All employees receive money, write receipts, and post payments to customer accounts.
- All employees work from the same cash drawer.
- The second and fourth deputies, in addition to receiving monies and issuing receipts, also open the mail, balance the cash drawer to daily receipts, prepare official depository tickets, and take the deposit to the treasurer.
- The second and third deputies, in addition to receiving and issuing receipts, also open the mail and total remittances.

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

- The Court Clerk and first and fourth deputies calculate amounts vouchered to other funds and review amounts vouchered to other funds. All employees prepare vouchers, sign vouchers, and mail and/or distribute vouchers.
- The Court Clerk and first deputy authorize purchases, and certify receipt of goods and/or services.

Effect: 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. 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: The Court Clerk stated, "I believe this information is not totally accurate. After taking a required class on Embezzlement last year, I changed many procedures in my office. I now require that one deputy watch while another deputy opens the mail. Any checks received in the mail are immediately endorsed with the Court Clerk stamps. All twelve of my deputies write receipts and receive money. They are required to show money and receipt to another deputy who in turn verifies that amount received and any change given are correct – then initial the original receipt. There are six deputies that write vouchers. These also require initials. All twelve

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BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

deputies post credits to customer accounts. It is true that only two deputies prepare and approve claims; however they are not the same deputy that does the daily deposit. Other than the daily deposit, I believe I am doing everything possible to safeguard against errors and misappropriation of funds.”

OSAI Response: OSAI agrees that the Court Clerk’s office has implemented controls that may partially mitigate the risks associated with the lack of segregation of duties. However, these additional controls do not entirely separate key processes and/or critical functions of the office.



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