

# HUGHES COUNTY COURT CLERK

FOR THE YEAR ENDED  
JUNE 30, 2009

# STATUTORY REPORT



Oklahoma State Auditor  
& Inspector

**PATTY TILLY, COURT CLERK  
HUGHES 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



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

December 13, 2010

Patty Tilly, Court Clerk  
Hughes County Courthouse  
Holdenville, Oklahoma 74848

Transmitted herewith is the statutory report for the Hughes 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.

# STATE AUDITOR AND INSPECTOR

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Patty Tilly, Court Clerk  
Hughes County Courthouse  
Holdenville, Oklahoma 74848

Dear Ms. Tilly:

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 Hughes 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 supported, approved, classified, and did not exceed appropriations; Court Clerk Revolving Fund expenditures were properly supported and approved; District Court vouchers were issued in accordance with Court instructions; Court Fund activity, Court Clerk Revolving Fund activity, and District Court case balances reconciled with the County Treasurer's records, however, we noted a matter of segregation of duties, and our finding is presented in the accompanying schedule of findings and responses. With respect to District Court vouchers being properly accounted for, 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 Hughes 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 Hughes County Court Clerk, which was submitted to the Administrative Office of the Courts.

This report is intended for the information and use of the Hughes 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

November 18, 2010

**PATTY TILLY, COURT CLERK  
HUGHES COUNTY, OKLAHOMA  
COURT FUND ACCOUNT REPORT  
JUNE 30, 2009**

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Collections:

Court fund fines, fees, and forfeitures	\$ 255,898
Cancelled vouchers	260
Interest earned on deposits	169
Total collections	256,327

Deductions:

Lump sum budget categories:

Juror expenses	6,897
Trial court attorneys	21,425
Mental health attorneys	100
Transcripts preliminary	11,251
General office supplies	6,583
Forms printing	568
Postage and freight	3,000
Court reporter supplies	316
Gas, water, and electricity	6,050
General telephone expenses	2,744
Long-distance telephone expense	417
Other expenses	109
Total lump sum categories	59,460

Restricted budget categories:

Furniture and fixtures	61
Equipment purchases	858
Maintenance of equipment	10,715
OCIS services	15,862
Photocopy equipment rentals	800
Photocopy equipment maintenance	1,492
Part-time bailiffs	252
Part-time court employees	67,701
Total restricted categories	97,741



**PATTY TILLY, COURT CLERK  
HUGHES COUNTY, OKLAHOMA  
COURT FUND ACCOUNT REPORT  
JUNE 30, 2009**

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Mandated budget categories:	
Law library	7,000
State judicial fund	92,409
Total mandated categories	<u>99,409</u>
Total deductions	<u>256,610</u>
Collections over (under) deductions	(283)
Beginning account balance July 1, 2008	<u>40,675</u>
Ending account balance June 30, 2009	<u><u>\$ 40,392</u></u>

*Source: Hughes County Court Clerk's Court Fund Quarterly Reports (for informational purposes only)*

**PATTY TILLY, COURT CLERK  
HUGHES COUNTY, OKLAHOMA  
COURT CLERK REVOLVING FUND REPORT  
JUNE 30, 2009**

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Collections:	
Court fund revolving fees	\$ 11,140
Total collections	<u>11,140</u>
Deductions:	
Court clerk revolving fund disbursements	<u>9,482</u>
Total deductions	<u>9,482</u>
Collections over (under) deductions	1,658
Beginning account balance July 1, 2008	<u>46,417</u>
Ending account balance June 30, 2009	<u>\$ 48,075</u>

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

**PATTY TILLY, COURT CLERK  
HUGHES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

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**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 property, and record transactions.

Condition: We noted a concentration of duties in regards to recording, authorization, custody, and execution of revenue transactions performed by a single employee:

- All employees work out of the same cash drawer.
- All employees receive money, write receipts, and post payments to customer accounts.
- One deputy is responsible for balancing the cash drawer to daily receipts, preparing the depository ticket, taking the deposit to the Treasurer, and preparing and mailing customer billing statements.

We noted a concentration of duties in regards to recording, authorization, custody, and execution of expenditure transactions performed by a single employee:

- Vouchers are signed by the Court Clerk and first deputy.
- The first deputy authorizes purchases and prepares claims with supporting documentation.
- The Court Clerk calculates amounts vouchered to other funds and agencies, and performs all other duties related to disbursements (e.g. prepares vouchers, posts vouchers to cash book, authorizes purchases, prepares claims and mails and distributes).
- The Court Clerk is the custodian of investments.

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, OSAI recommends management establish separate cash drawers for each employee that receipts monies. The cash drawer should be closed out, reconciled to the employee's daily receipts, and be approved by someone independent of the cash drawer. Regarding the disbursement process, the duties of issuing vouchers and the delivery/disbursement of vouchers should be separated. Also, requisitioning and receiving duties regarding Court Fund disbursements should be separated.

Views of responsible officials and planned corrective actions: The Court Clerk's office in Hughes County is a small office with a small workforce. Our cash box is located in a drawer that is in view of the Court Clerk and two deputies. I believe it is easier to maintain control of one cash drawer than it would be to maintain four separate cash drawers with money for a change fund in each drawer. But, I will consider the feasibility of establishing separate cash drawers.

**PATTY TILLY, COURT CLERK  
HUGHES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

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All employees are cross-trained so that we are all able to receive money, write receipts, and post payments to customer accounts.

One deputy is responsible for balancing the cash drawer and the preparation of the daily depository ticket. Since becoming Court Clerk, I have designated another deputy to print the daily cash book and have custody of the daily receipts. She prints the cash book and signs and dates it after confirming that it agrees to the daily deposit ticket. She also keeps the receipts and insures that all are accounted for and stores them for audit purposes. Each deputy keeps a copy of their report. The originals are given to me and after I review them they are placed in a Depository Ticket file. At the end of the month I verify the receipts for the month to the Monthly Receipt Report. The deposit ticket is delivered to the Treasurer by the deputy who prepares it, but is verified by the Treasurer's office. I believe that I have reduced the risk for error or fraud by implementing these deposit procedures.

All deputies have occasion to send out customer billing statements. Payments are made payable to the Hughes County Court Clerk's Office and are stamped with our endorsement.

I will take steps to separate duties in the disbursement processes.

**Finding 2009-2 – District Court Vouchers**

Criteria: A goal of effective internal control as it relates to governmental entities is to demonstrate accountability and stewardship.

Condition: We noted six (6) district court vouchers totaling \$27,437.81 that had been registered by the County Treasurer but not entered on the Court Clerk's computer system.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management implement a set of procedures designed to ensure that all vouchers registered by the County Treasurer agree to the vouchers entered on the Court Clerk's computer system

Views of responsible officials and planned corrective actions: I was not the Court Clerk during this audit period. Since becoming Court Clerk, I have started utilizing the KellPro system in preparing depository and court fund vouchers. All vouchers are numbered in the system and have a control number listed on each voucher. If a voucher is voided, a reason is recorded in the system. If the voucher has not been registered with the Treasurer, the voided vouchers are kept with VOID written across the voucher. If a voucher has been registered, the proper procedures for cancelling a voucher are followed. The control numbers insure that all vouchers are accounted for. All vouchers are printed from the computer system so the chance that a voucher would be issued and registered by the County Treasurer and not in our system is not possible.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896**

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**