

**JEFFERSON
COUNTY
COURT CLERK**

**FOR THE YEAR ENDED
JUNE 30, 2007**

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

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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

Linda Graham, Court Clerk
Jefferson County Courthouse
Waurika, Oklahoma 73573

Transmitted herewith is the statutory report for the Jefferson County Court Clerk for the fiscal year ended June 30, 2007. 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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Linda Graham, Court Clerk
Jefferson County Courthouse
Waurika, Oklahoma 73573

Dear Ms. Graham:

We have performed procedures for fiscal year 2007 activity of the Court Fund Account for the purpose of complying with 20 O.S. § 1312. We have also performed procedures for fiscal year 2007 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 Jefferson 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 Jefferson 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

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2007**

Collections:

| | |
|---|----------------|
| Court fund fines, fees, and forfeitures | \$ 409,845 |
| Interest earned on deposits | 1,005 |
| Canceled vouchers, refunds | 131 |
| Total collections | <u>410,981</u> |

Deductions:

Lump sum budget categories:

| | |
|-----------------------------------|---------------|
| Juror expenses | 8,038 |
| Trial court attorneys | 1,168 |
| Transcripts-preliminary and trial | 6,152 |
| Transcripts-appeals | 682 |
| General office supplies | 1,824 |
| Forms printing | 865 |
| Postage and freight | 1,811 |
| Court reporter supplies | 83 |
| Gas, water, and electricity | 6,021 |
| General telephone expenses | 1,849 |
| Long-distance telephone expense | 951 |
| Other expenses | 20 |
| Total lump sum categories | <u>29,464</u> |

Restricted budget categories:

| | |
|---------------------------------|----------------|
| Renovation and remodeling | 6,497 |
| Maintenance of courtroom | 176 |
| Furniture and fixtures | 2,878 |
| Equipment purchases | 93 |
| Equipment rentals | 1,416 |
| Maintenance of equipment | 10,420 |
| OCIS services | 12,394 |
| Photocopy equipment rental | 4,400 |
| Part-time court clerk employees | 85,162 |
| Total restricted categories | <u>123,436</u> |

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2007**

| | |
|--|-------------------------|
| Mandated budget categories: | |
| Law library | 5,000 |
| State judicial fund | <u>227,779</u> |
| Total mandated categories | <u>232,779</u> |
| | |
| Total deductions | <u>385,679</u> |
| | |
| Collections over (under) deductions | 25,302 |
| | |
| Beginning account balance July 1, 2006 | <u>61,183</u> |
| | |
| Ending account balance June 30, 2007 | <u><u>\$ 86,485</u></u> |

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND ANALYSIS
JUNE 30, 2007**

| | |
|--|------------------------|
| Collections: | |
| Court fund revolving fees | <u>\$ 25,013</u> |
| Total collections | <u>25,013</u> |
| Deductions: | |
| Court clerk revolving fund disbursements | <u>26,231</u> |
| Total deductions | <u>26,231</u> |
| Collections over (under) deductions | (1,218) |
| Beginning account balance July 1, 2006 | <u>10,061</u> |
| Ending account balance June 30, 2007 | <u><u>\$ 8,843</u></u> |

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2007**

Finding 2007-1 – 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, prepare customer billings, mail billings or statements and post payments to customer accounts.
- All employees work from the same cash drawer.
- The first deputy, in addition to receiving money and issuing receipts, posts daily receipts to the cash book.
- The second deputy, in addition to receiving money and issuing receipts, also opens the mail and totals remittances.
- The third deputy, in addition to receiving money and issuing receipts, also balances the cash drawer to daily receipts.
- The fourth deputy, in addition to receiving money and issuing receipts, also opens the mail and totals remittances, prepares official depository tickets, and takes the deposits to the Treasurer.
- The Court Clerk, in addition to receiving money and issuing receipts, reconciles account balances to the Treasurer.

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

- All employees calculate amounts vouchered to other funds, review amounts vouchered to other funds, prepare vouchers, sign vouchers, post vouchers to cash book, mail/distribute vouchers, authorize purchases, prepare claims with supporting documentation, certify receipt of goods or services, and approve claims for payment.
- The Court Clerk is the custodian of investments in addition to the duties included above.

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.

**LINDA GRAHAM, COURT CLERK
JEFFERSON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2007**

Views of responsible officials and planned corrective actions: The current Court Clerk stated “I have taken measures to correct this problem within the limited amount of employees that I have. At present, I have four employees. All five of us do receiving, receipting, and recording. I currently have two employees who do the daily depositing of cash and checks; one to do part of the deposit and a second to do another part of the deposit. A third deputy periodically and if either of the two employees are absent will do one part of the daily deposit. The fourth deputy does the monthly reports and reconciliations so I do not want her involved with the daily depositing of cash and checks. With the limited number of employees, I have involved all of them in some phase of the daily operations. I oversee and make a periodic review of the operations.”

OSAI Response: The additional controls described by the Court Clerk, while not in operation at the time of our engagement, do appear to help partially mitigate the risks related to segregation of duties. However, these controls do not mitigate the risks associated with the fact that all of the staff works out of the same cash drawer. We recommend that the Court Clerk’s office establish separate cash drawers for each individual receiving payment. In addition, the Court Clerk’s office should consider ways to separate key processes possibly by rotating receiving, receipting, and depositing duties.



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