

**McINTOSH
COUNTY
COURT CLERK**

**FOR THE YEAR ENDED
JUNE 30, 2008**

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

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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

Carrie Pittman, Court Clerk
McIntosh County Courthouse
Eufaula, Oklahoma 74432

Transmitted herewith is the statutory report for the McIntosh County Court Clerk for the fiscal year ended June 30, 2008. 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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Carrie Pittman, Court Clerk
McIntosh County Courthouse
Eufaula, Oklahoma 74432

Dear Ms. Pittman:

We have performed procedures for fiscal year 2008 activity of the Court Fund Account for the purpose of complying with 20 O.S. § 1312. We have also performed procedures for fiscal year 2008 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 McIntosh 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 did not exceed appropriations; 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. With respect to Court Fund vouchers being properly supported, approved, and classified, and Court Clerk Revolving Fund expenditures being properly supported and approved, our findings are presented in the accompanying schedule of findings and responses. In addition, we noted a matter of segregation of duties, which is presented in the 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 McIntosh 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

**CARRIE PITTMAN, COURT CLERK
MCINTOSH COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2008**

Collections:

Court fund fines, fees, and forfeitures	\$ 570,193
Interest earned on deposits	208
Canceled vouchers, refunds	253
Total collections	<u>570,654</u>

Deductions:

Lump sum budget categories:

Juror expenses	7,567
Trial court attorneys	21,988
Guardians ad litem fees	161
Transcripts-preliminary and trial	1,748
Court computer training	2,236
General office supplies	13,815
Forms printing	388
Publications	86
Postage and freight	11,750
Court reporter supplies	1,613
General telephone expenses	1,692
Long-distance telephone expense	396
Other expenses	387
Total lump sum categories	<u>63,827</u>

Restricted budget categories:

Maintenance of courtroom	5,710
Equipment purchases	6,662
Equipment rentals	2,240
Maintenance of equipment	16,017
OCIS services	18,866
Photocopy equipment rental	2,700
Photocopy equipment maintenance	1,395
Part-time court clerk employees	233,731
Total restricted categories	<u>287,321</u>

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2008**

Mandated budget categories:	
Law library	8,750
State judicial fund	<u>207,037</u>
Total mandated categories	<u>215,787</u>
Total deductions	<u>566,935</u>
Collections over (under) deductions	3,719
Beginning account balance July 1, 2007	<u>47,090</u>
Ending account balance June 30, 2008	<u><u>\$ 50,809</u></u>

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND ANALYSIS
JUNE 30, 2008**

Collections:	
Court fund revolving fees	<u>\$ 33,532</u>
Total collections	<u>33,532</u>
Deductions:	
Court clerk revolving fund disbursements	<u>67,292</u>
Total deductions	<u>67,292</u>
Collections over (under) deductions	(33,760)
Beginning account balance July 1, 2007	<u>80,410</u>
Ending account balance June 30, 2008	<u><u>\$ 46,650</u></u>

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

Finding 2008-1 – 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:

- The Court Clerk and seven of her eight deputies receive money, write receipts, 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, balances the cash drawer, prepares official depository tickets, takes official deposits to the Treasurer, reconciles account balance to the Treasurer, issues permits, and prepares and mails customer billings.
- The second deputy, in addition to receiving money and issuing receipts, balances the cash drawer, prepares official depository tickets, reconciles account balance to the Treasurer, issues permits, and prepares and mails customer billings.
- The third deputy, in addition to receiving money and issuing receipts, also opens the mail and totals remittances and prepares official depository tickets.
- The sixth deputy, in addition to receiving money and issuing receipts, also balances the cash drawer to daily receipts, issues permits, prepares and mails customer billings.
- The seventh deputy, in addition to receiving money and issuing receipts, also balances the cash drawer to daily receipts, prepares official depository tickets, takes the official deposits to the Treasurer, and prepares and mails customer billing statements.

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

- The first deputy calculates amounts vouchered to other funds, reviews amounts vouchered to other funds, prepares vouchers, signs vouchers, posts vouchers to cash book, mails/distributes vouchers, prepares claims with supporting documentation, and certifies receipt of goods or services.
- The second through seventh deputies also prepare vouchers, sign vouchers, post vouchers to cash book, and mail/distribute vouchers.
- The Court Clerk, in addition to calculating amounts vouchered to other funds, reviewing amounts vouchered to other funds, authorizes purchases, approves claims for payment, and is the custodian of investments.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

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, "The following are my responses and explanations to this finding:

- Daily Deposits: I have three (3) deputies that prepare the daily deposits. One deputy will collect the money from the cash drawer. She will then count it and verifies that it agrees to the deposit ticket. Another deputy will add the receipts written for the day. This deputy will not write receipts for the day. A third deputy will verify the money, receipts and the deposit ticket agree. By implementing this procedure, the same deputy is not counting the money, adding the receipts, and verifying the deposit. My first deputy will take the deposit to the County Treasurer. I have also implemented the procedure that the clerk who takes the deposit must wait until a deputy from the Treasurer's office counts the money and confirms the deposit agrees.
- Receipts: I have also implemented procedures for voiding receipts. The deputy who wrote the receipt cannot void the receipt. The deputy must take the receipt to another deputy or myself and explain the reason it needs to be voided. An explanation also noted on the voided receipt.
- Mail: I have a schedule that three deputies are on regarding the processing of the mail. Two deputies open the mail and another deputy receipts in all payments received. This schedule changes weekly.
- Claims: All claims for the Court Fund and the Court Clerk revolving fund are approved by the appropriate governing boards which consist of the District and Associate District Judge and the Court Clerk. There are no purchases authorized and approved by the Court Clerk only. Some of the Court Fund purchases such as furniture, fixtures, and equipment are approved by the Chief Justice.
- Cash Drawer: I do have only one (1) cash drawer. In years past, we had two (2) cash drawers, but the layout of the office and the lack of sufficient staffing make it difficult for someone to monitor multiple cash drawers. Therefore, I thought it best to close one of the cash drawers.

Due to the budget shortfall, I had to cut back in staffing last fiscal year and may have to endure cut backs in the next fiscal year. This creates a hardship and is almost impossible to have full segregation of duties in my office. I have implemented many procedures and policies and followed all of the Auditor's recommendations in order to have as many controls in place as possible."

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 payments.

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

Finding 2008-2 – Revolving Fund Warrants and Claims

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. An important aspect of effective accounting procedures includes maintaining supporting documentation for expenditures.

Condition: During our test of revolving fund warrants, it was noted that 15 of the 20 claims tested did not have an invoice or supporting documentation.

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

Recommendation: OSAI recommends that more emphasis be placed on ensuring original invoices and supporting documentation are maintained on all claims.

Views of responsible officials and planned corrective actions: Claims: “All claims for the Court Fund and the Court Clerk Revolving Fund are approved by the appropriate governing boards which consist of the District and Associate District Judge and the Court Clerk. There are no purchases authorized and approved by the Court Clerk only. Some of the Court Fund purchases such as furniture, fixtures, and equipment are approved by the Chief Justice.”

OSAI Response: While proper approval of claims is an important aspect of effective accounting procedures, original invoices and/or supporting documentation should be maintained for all expenditures as well.

Finding 2008-3—Court Fund Vouchers

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. An important aspect of effective accounting procedures includes maintaining supporting documentation for expenditures and performing an independent verification of goods and services received.

Condition: During our test of 25 court fund vouchers and claims, 1 claim tested did not have the receipt of goods and services confirmed by a receiving officer, and 2 claims tested did not have an invoice or supporting documentation.

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

Recommendation: OSAI recommends that more emphasis be placed on ensuring that the receipt of all goods and services be confirmed by a receiving officer and that all claims have an invoice or supporting documentation.

**CARRIE PITTMAN, COURT CLERK
McINTOSH COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

Views of responsible officials and planned corrective actions: “All claims must be supported by an invoice or statement. No claims are approved by the Governing Board without an invoice or statement attached, except when the claim is for withholdings on our monthly cleaning contract. I have a file and this is figured into our yearly budget which is approved and signed by the Chief Justice.”

OSAI Response: While proper approval of claims is an important aspect of effective accounting procedures, original invoices and/or supporting documentation should be maintained for all expenditures as well.



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