

**MURRAY
COUNTY
COURT CLERK**

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

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**JO FREEMAN, COURT CLERK
MURRAY 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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November 1, 2010

Jo Freeman, Court Clerk
Murray County Courthouse
Sulphur, Oklahoma 73086

Transmitted herewith is the statutory report for the Murray 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

TABLE OF CONTENTS

Introductory Information ii

Statutory Report of State Auditor and Inspector 1

Court Fund Account Report..... 3

Court Clerk Revolving Fund Report..... 5

Schedule of Findings and Responses 6

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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Jo Freeman, Court Clerk
Murray County Courthouse
Sulphur, Oklahoma 73086

Dear Ms. Freeman:

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 Murray County.

Based on the above reconciliations, tests, and procedures performed, and with respect to items tested, the Court Clerk was collecting the correct fees; 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 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 schedule of findings and responses. With respect to the Court Clerk properly accounting for fees, our finding is included in the accompanying schedule of findings and responses.

We have included in this report the Court Fund Account Report, which was prepared from the Murray 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 Murray County Court Clerk, which was submitted to the Administrative Office of the Courts.

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

September 28, 2010

**JO FREEMAN, COURT CLERK
MURRAY COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2009**

Collections:

Court fund fines, fees, and forfeitures	\$ 387,840
Cancelled vouchers	122
Interest earned	427
Total collections	<u>388,389</u>

Deductions:

Lump sum budget categories:

Juror expenses	6,868
Trial court attorneys	12,019
Transcripts preliminary and trial	24
General office supplies	5,397
Forms printing	1,165
Books for records and indexes	13,059
Postage and freight	8,675
Court reporter supplies	1,505
Gas, water, and electricity	7,810
General telephone expenses	4,909
Other expenses	3,052
Total lump sum categories	<u>64,483</u>

Restricted budget categories:

Maintenance of court area(s)	7,234
Equipment rentals	3,016
Maintenance of equipment	10,410
OCIS services	13,539
Photocopy equipment maintenance	895
Part-time bailiffs	105
Per-diem court reporter	1,442
Part-time court employees	123,997
Total restricted categories	<u>160,638</u>

**JO FREEMAN, COURT CLERK
MURRAY COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2009**

Mandated budget categories:	
Law library	7,000
State judicial fund	134,550
Total mandated categories	<u>141,550</u>
Total deductions	<u>366,671</u>
Collections over (under) deductions	21,718
Beginning account balance July 1, 2008	<u>35,057</u>
Ending account balance June 30, 2009	<u><u>\$ 56,775</u></u>

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

**JO FREEMAN, COURT CLERK
MURRAY COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND REPORT
JUNE 30, 2009**

Collections:	
Court fund revolving fees	\$ 30,174
Total collections	<u>30,174</u>
Deductions:	
Court clerk revolving fund disbursements	<u>30,484</u>
Total deductions	<u>30,484</u>
Collections over (under) deductions	(310)
Beginning account balance July 1, 2008	<u>45,383</u>
Ending account balance June 30, 2009	<u><u>\$ 45,073</u></u>

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

**JO FREEMAN, COURT CLERK
MURRAY 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 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 write receipts.
- All employees work from the same cash drawer.
- The first deputy, in addition to receiving and issuing receipts, also issues permits, balances the cash drawer, prepares and makes the deposit, posts to ledger, and reconciles accounts with the Treasurer.
- The third, fourth, and fifth deputies, in addition to receiving and issuing receipts, also issue permits, balance the cash drawer, prepare and take deposit to the Treasurer, and post to ledger.

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

- The Court Clerk prepares claims, approves purchases, and is responsible for receiving of goods and services. (court fund vouchers)
- The first deputy is responsible for preparing signing, posting, distributing vouchers, and calculating and reviewing amounts to be vouchered to other funds. (district court vouchers)

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 concurs with the State Auditor's findings. Management does have knowledge of office operations and will perform periodic reviews of the operations.

**JO FREEMAN, COURT CLERK
MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

Finding 2009-2 – Official Depository Receipts

Criteria: Effective internal controls include issuing receipts for collections in a uniform manner, which includes properly documenting who recorded payments.

Condition: During our test work of the Court Clerk's District Court Official Depository Account, we noted that 5 out of the 306 receipts tested were not written to the person who rendered payment.

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

Recommendation: OSAI recommends that the Court Clerk's District Court receipt be issued to the person who rendered payment.

Views of responsible officials and planned corrective actions: The Court Clerk concurs with the State Auditor's findings. We have implemented procedures to ensure the receipt is issued to the person who rendered payment.



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