

**NOWATA
COUNTY
COURT CLERK**

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

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**BEVERLY McKEE, COURT CLERK
NOWATA 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



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

July 12, 2010

Beverly McKee, Court Clerk
Nowata County Courthouse
Nowata, Oklahoma 74048

Transmitted herewith is the statutory report for the Nowata 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

**BEVERLY McKEE, COURT CLERK
NOWATA COUNTY, OKLAHOMA
STATUTORY REPORT
JUNE 30, 2007**

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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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Beverly McKee, Court Clerk
Nowata County Courthouse
Nowata, Oklahoma 74048

Dear Ms. McKee:

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 Nowata County.

Based on the above reconciliations, tests, and procedures performed, except for the matter of segregation of duties, 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 and Court Clerk Revolving Fund financial records reconciled with the County Treasurer's records. With respect to District Court case balances reconciling with the County Treasurer, our finding is presented in the accompanying schedule of findings and responses. With respect to segregation of duties, 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 by compiling the Nowata 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 Nowata County Court Clerk, which was submitted to the Administrative Office of the Courts.

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

January 9, 2008

**BEVERLY McKEE, COURT CLERK
NOWATA COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2007**

Collections:

Court fund fines, fees, and forfeitures	\$ 338,907
Interest earned on deposit	288
Cancelled vouchers, refunds	203
Total collections	<u>339,398</u>

Deductions:

Lump sum budget categories:

Juror expenses	11,172
Trial court attorneys	11,903
Public defender travel	37
Mental health attorneys	716
Transcripts - preliminary & trial	2,553
Court computer training	1,166
General office supplies	5,321
Forms printing	717
Publications	127
Books for records and indexes	805
Postage and freight	2,321
Court reporter supplies	900
Gas, water and electricity	19,947
General telephone expenses	2,825
Long-distance telephone expenses	225
Total lump sum categories	<u>60,735</u>

Restricted budget categories:

Maintenance of court areas	3,544
Security of court areas	13,400
Furniture and fixtures	1,500
Equipment purchases	8,000
Equipment rentals	894
Maintenance of equipment	9,757
OCIS services	25,452
Photocopy equipment rental	2,985
Per-diem court reporters	1,266
Part-time court employees	82,743
Total restricted categories	<u>149,541</u>

**BEVERLY McKEE, COURT CLERK
NOWATA COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2007**

Mandated categories:	
Law library	7,000
State judicial fund	<u>130,076</u>
Total mandated categories	<u>137,076</u>
Total deductions	<u>347,352</u>
Collections over (under) deductions	(7,954)
Beginning account balance July 1, 2006	<u>49,567</u>
Ending account balance June 30, 2007	<u><u>\$ 41,613</u></u>

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

**BEVERLY McKEE, COURT CLERK
NOWATA COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND REPORT
JUNE 30, 2007**

Collections:	
Court fund revolving fees	\$ 11,416
Total collections	<u>11,416</u>
Deductions:	
Court revolving fund expenses	<u>6,299</u>
Total deductions	<u>6,299</u>
Collections over (under) deductions:	5,117
Beginning account balance July 1, 2006	<u>5,906</u>
Ending account balance June 30, 2007	<u>\$ 11,023</u>

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

**BEVERLY McKEE, COURT CLERK
NOWATA 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 instances in which a single employee could be responsible for the recording, authorization, custody, and execution of revenue transactions. The following is a concern we noted:

Each of the Court Clerk's employees opens mail, writes receipts, balances cash drawer, prepares official depository tickets, takes official deposits to Treasurer, posts receipts, calculates amounts vouchered to other agencies, prepares vouchers, signs vouchers, posts vouchers, and mails vouchers.

Effect: By having employees who have the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions 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 the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's overseeing of office operations and 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: Management chose not to respond.

Finding 2007-02 – Reconciliation with County Treasurer (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the District Court case balances should be reconciled with the Treasurer's office.

Condition: During our fiscal year 2007 test work, we noted a \$10,258.07 unidentified variance used as a reconciling item between the District Court case balances and the Treasurer's balance.

Effect: By not accurately reconciling to the County Treasurer, errors and/or the misappropriation of funds may not be detected in a timely manner.

**BEVERLY McKEE, COURT CLERK
NOWATA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2007**

Recommendation: OSAI recommends all variances noted in reconciliations be identified and documentation for variances be provided.

Views of responsible officials and planned corrective actions: The Finding 2007-02 in the amount of \$10,258.07 was the above amount plus \$5,400 that was incorrectly transferred from one case to another, then a voucher written out to an attorney that should have been paid \$380.01 instead of the \$5,180.01. I had called his office and also sent a letter, but had no response, and have given the information to the Civil D.A. to see if he could do anything to help. At this time the D.A. has not notified me and has not returned my call as of today. I made the adjustment in the case that the wrong amount was added.

At this time I now am \$92.93 less than the Treasurer. I will continue to search for the difference, some of it may be so old I won't be able to check the Treasurer records with what I have to balance; therefore I will need to be instructed as to what to do.



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