

**OTTAWA
COUNTY
COURT CLERK**

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

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CATHY WILLIAMS, COURT CLERK
OTTAWA 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 8, 2010

Cathy Williams, Court Clerk
Ottawa County Courthouse
Miami, Oklahoma 74354

Transmitted herewith is the statutory report for the Ottawa 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". The signature is written in a cursive, flowing style.

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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Cathy Williams, Court Clerk
Ottawa County Courthouse
Miami, Oklahoma 74354

Dear Ms. Williams:

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 Ottawa County.

Based on the above reconciliations, tests, and procedures performed, the Court Clerk was collecting the correct fees; Court Fund vouchers were properly supported, approved, and classified; Court Clerk Revolving Fund expenditures were properly supported and approved; District Court vouchers were properly accounted for and issued in accordance with Court instructions; and Court Fund activity reconciled with the County Treasurer's records. With respect to Court Clerk Revolving Fund financial records and District Court Case balances reconciling with County Treasurer's records, negative case balances and expenditures exceeding the budgeted expenditures without prior approval, our findings are presented in the accompanying schedule of findings and responses. In addition, with respect to segregation of duties, our finding 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 Ottawa 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

April 16, 2010

**CATHY WILLIAMS, COURT CLERK
OTTAWA COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2008**

Collections:	
Court fund fines, fees, and forfeitures	\$ 1,117,942
Interest earned on deposit	7,773
Cancelled vouchers, refunds	896
Transfer in from special encumbrance acct.	22,247
Total collections	<u>1,148,858</u>
Deductions:	
Lump sum budget categories:	
Juror expenses	18,261
Trial court attorneys	53,968
Mental health hearings	10,580
Guardians ad litem fees	3,988
Transcripts - preliminary & trial	4,956
Transcripts - appeals	5,605
General office supplies	5,744
Forms printing	2,816
Publications	207
Books for records and indexes	1,121
Postage and freight	8,000
Microfilm supplies	208
Court reporter supplies	2,606
General telephone expense	8,549
Long-distance telephone	401
Other expenses (robes, etc.)	1,932
Total lump sum categories	<u>128,942</u>
Restricted budget categories:	
Maintenance of court areas	8,859
Furniture and fixtures	22,247
Equipment purchases	225
Equipment rentals	4,067
Maintenance of equipment	20,526
OCIS services	39,942
Photocopy equipment rental	3,588
Photocopy equipment maintenance	2,229
Court clerk employees	298,444
Total restricted categories	<u>400,127</u>

**CATHY WILLIAMS, COURT CLERK
OTTAWA COUNTY, OKLAHOMA
COURT FUND ACCOUNT ANALYSIS
JUNE 30, 2008**

Mandated categories:	
Law library	9,000
State judicial fund	<u>659,802</u>
Total mandated categories	<u>668,802</u>
Total deductions	<u>1,197,871</u>
Collections over (under) deductions	(49,013)
Beginning account balance July 1, 2007	<u>295,100</u>
Ending account balance June 30, 2008	<u><u>\$ 246,087</u></u>

**CATHY WILLIAMS, COURT CLERK
OTTAWA COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND ANALYSIS
JUNE 30, 2008**

Collections:	
Court fund revolving fees	\$ 49,922
Total collections	<u>49,922</u>
Deductions:	
Court revolving fund expenses	<u>16,994</u>
Total deductions	<u>16,994</u>
Collections over (under) deductions:	32,928
Beginning account balance July 1, 2007	<u>148,163</u>
Ending account balance June 30, 2008	<u>\$ 181,091</u>

SCHEDULE OF FINDINGS AND RESPONSES

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 property, and record transactions. The duties of receiving, receipting, recording, depositing cash and checks, receiving goods and services, preparing claims, and issuing vouchers should all be segregated.

Condition: A concentration of duties exists in the Court Clerk's office because one deputy has the opportunity to perform all of the following related functions with respect to revenue transactions: write receipts, post receipts, reconcile account with the Treasurer, and balance cash drawer. With respect to related expenditure transactions, the deputy signs vouchers, posts vouchers, and distributes vouchers. A concentration of duties also exists because a second employee also performs the same revenue related functions described, except for balancing the cash drawer; however, in addition, the second employee prepares the deposit as well as posting payments to customer accounts in addition to writing and posting receipts, and reconciling with the Treasurer. With respect to expenditure transactions, a concentration of the second employee's duties exists because the second employee prepares vouchers and also signs, posts, and distributes the vouchers. The separate and duplicated functions that the two employees perform are also related to duties of the same transactions.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds because the opportunity exists for one employee to have the ability to control multiple key aspects of a transaction.

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. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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: This will be corrected.

Finding 2008-2 – Court Clerk Revolving Account Reconciliation (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, a reconciliation should be performed monthly between the Court Clerk's Revolving Fund balance and the Treasurer's General Ledger balance.

Condition: A reconciliation between the Treasurer's General Ledger and the Court Clerk's Revolving Fund is not being performed.

Effect: By failing to reconcile accounts in a timely manner, the risk of misstatement or misappropriation to occur in this account increases. As a result, errors were not detected for the Court Clerk Revolving Fund and resulted in inaccurate Quarterly Reports.

Recommendation: OSAI recommends management take steps to ensure reconciliations are performed on a monthly basis and be reviewed and approved by someone other than the preparer. A monthly reconciliation will enable the Court Clerk to maintain more accurate records by timely catching errors and decrease the risk of misappropriation of funds.

Views of responsible officials and planned corrective actions: This will be corrected.

Finding 2008-3 – Negative Case Balances—District Court (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, error corrections should be made in a timely manner.

Condition: Based on test work performed, it appears case #TR-07-3378 had a negative balance of \$59.32. This was due to funds being distributed on 10/10/07, but not being posted as a credit by deduction to the case until 7/25/2008.

Effect: By failing to apply corrections in a timely manner, case balances could reflect incorrect or negative balances.

Recommendation: OSAI recommends management take steps to ensure that all corrections to case balances take place in a timely manner.

Views of responsible officials and planned corrective actions: This will be corrected.

Finding 2008-4 – Court Fund Expenditures

Criteria: Title 20, Chapter 18, Appendix 1, Rule 1 states:

- a) On or before May 1 of each year, beginning May 1, 1977, each court fund's governing board, under the direction and with the approval of the district judge-member thereof, 20 O.S.1971, § 1304(a), shall submit to the Administrative Director of the Courts, for approval by the Chief Justice, the district court's proposed operating budget for the ensuing fiscal year (July 1 - June 30)....
- (b) Budget needs shall be submitted separately for each statutorily authorized category. Approval will be effected in one lump sum for all categories except those hereinafter called "restricted." For each restricted category there will be a separate budget limit.

Additionally, Title 20, Chapter 18, Appendix 1, Rule 2 states:

Unforeseeable emergency expenses, which would exceed the limit of the approved lump-sum budget or the individual budget limit for any of the restricted categories, may not be incurred without prior written approval of the Chief Justice.

Condition: We noted the Court Clerk exceeded the budgeted expenditures in the restricted category of Photocopy Equipment Maintenance by \$285 without prior approval from the Chief Justice of the Courts.

Effect: By failing to gain prior written approval from the Chief Justice to exceed budgeted expenditures in a restricted category, the Court Clerk runs the risk of placing the Court Fund in debt and is not in compliance with the state statutes.

Recommendation: OSAI recommends the Court Clerk take the necessary steps to ensure that written consent is obtained from the Chief Justice prior to exceeding approved budgeted expenditures for any Court Fund restricted category.

Views of responsible officials and planned corrective actions: This will be corrected.



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