

**PONTOTOC
COUNTY
COURT CLERK**

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

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC 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



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

Ernestine Eubank, Court Clerk
Pontotoc County Courthouse
Ada, Oklahoma 74820

Transmitted herewith is the statutory report for the Pontotoc 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

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
STATUTORY REPORT
JUNE 30, 2009**

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**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
STATUTORY REPORT
JUNE 30, 2009**

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

STEVE BURRAGE, CPA
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Ernestine Eubank, Court Clerk
Pontotoc County Courthouse
Ada, Oklahoma 74820

Dear Ms. Eubank:

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 Pontotoc 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, Court Clerk Revolving Fund financial records, and District Court case balances reconciled with the County Treasurer's records. With respect to segregation of duties, our finding is presented in the accompanying schedule of findings and responses.

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

This report is intended for the information and use of the Pontotoc 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 29, 2010

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2009**

Collections:

Court fund fines, fees, and forfeitures	\$ 889,615
Interest earned on deposits	884
Canceled vouchers, refunds	639
Total collections	<u>891,138</u>

Deductions:

Lump sum budget categories:

Juror expenses	24,310
Trial court attorneys	109,144
Appeals attorneys	29,375
Guardian ad litem fees	
Transcripts preliminary and trial	14,095
Transcripts appeals	
General office supplies	24,394
Forms printing	
Publications	283
Books for records, indexes	
Postage and freight	13,517
Court reporter supplies	1,591
Gas, water, and electricity	854
General telephone expenses	7,997
Long-distance telephone expense	1,130
Other expenses	2,992
Total lump sum categories	<u>229,682</u>

Restricted budget categories:

Maintenance of court area(s)	16,054
Equipment rentals	6,516
Maintenance of equipment	20,540
OCIS services	23,072
Photocopy equipment rental	5,772
Photocopy equipment maintenance	207
Part-time bailiffs	14,171
Part-time court clerk employees	266,318
Total restricted categories	<u>352,650</u>

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2009**

Mandated budget categories:	
Law library	9,000
State judicial fund	<u>295,297</u>
Total mandated categories	<u>304,297</u>
Total deductions	<u>886,629</u>
Collections over (under) deductions	4,509
Beginning account balance July 1, 2008	<u>145,715</u>
Ending account balance June 30, 2009	<u>\$ 150,224</u>

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

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
COURT CLERK REVOLVING FUND REPORT
JUNE 30, 2009**

Collections:	
Court fund revolving fees	<u>\$ 71,495</u>
Court fund revolving fees	<u>71,495</u>
Deductions:	
Court clerk revolving fund disbursements	<u>5,327</u>
Total deductions	<u>5,327</u>
Collections over (under) deductions	66,168
Beginning account balance July 1, 2008	<u>103,812</u>
Ending account balance June 30, 2009	<u>\$ 169,980</u>

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

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC 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 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 are concerns we noted:

- Six of the nine deputies receive money, write receipts, issue permits, and post payments to customer accounts.
- All six deputies work from the same cash drawer.
- The first deputy opens the mail and totals remittances, balances the cash drawer to daily receipts, and prepares official depository tickets.
- The Court Clerk takes the deposit to the Treasurer, posts daily receipts to the cash book, reconciles the account balance to the Treasurer and prepares customer billings.

We noted the following concerns in regards to a single employee being responsible for recording, authorization, custody, and execution of expenditure transactions:

- The Court Clerk calculates amounts vouchered to other funds, reviews amounts vouchered to other funds, prepares vouchers, posts vouchers to cash book, authorizes purchases, prepares claims with supporting documentation, certifies receipt of goods or services, and approves claims for payment.

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 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 that she concurs with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.



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