

STATUTORY REPORT

PONTOTOC COUNTY COURT CLERK

For the year ended June 30, 2010



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 20 O.S. § 1312, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

July 19, 2011

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, 2010. 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 "Gary A. Jones". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
STATUTORY REPORT
JUNE 30, 2010**

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

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
STATUTORY REPORT
JUNE 30, 2010**

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.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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

Dear Ms. Eubank:

We have performed procedures for fiscal year 2010 activity of the Court Fund Account for the purpose of complying with 20 O.S. § 1312. We have also performed procedures for fiscal year 2010 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 our procedures performed, we have presented our findings in the accompanying schedule.

We have included in this report the Court Fund Account Report, prepared from 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, 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a long horizontal flourish extending to the right.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

June 8, 2011

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2010**

Collections:

Court fund fines, fees, and forfeitures	\$ 947,896
Cancelled vouchers	214
Interest earned on deposits	355
Total collections	<u>948,465</u>

Deductions:

Lump sum budget categories:

Juror expenses	20,623
Indigent defense witness expense	128
Trial court attorneys	124,524
Transcripts preliminary	22,406
General office supplies	20,333
Forms printing	800
Publications	1,297
Books for records & indexes	264
Postage and freight	13,782
Court reporter supplies	1,544
Gas, water, and electricity	5,470
General telephone expenses	8,836
Long-distance telephone expenses	1,187
Other expenses	3,064
Total lump sum categories	<u>224,258</u>

Restricted budget categories:

Maintenance of court area(s)	16,123
Equipment rental	6,580
OCIS services	24,514
Photocopy equipment rentals	5,772
Photocopy equipment maintenance	2,129
Part-time bailiffs	2,910
Part-time court employees	240,776
Total restricted categories	<u>298,804</u>

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
COURT FUND ACCOUNT REPORT
JUNE 30, 2010**

Mandated budget categories:	
Law library	9,000
State judicial fund	411,446
Total mandated categories	<u>420,446</u>
Total deductions	<u>943,508</u>
Collections over (under) deductions	4,957
Beginning account balance July 1, 2009	<u>150,224</u>
Ending account balance June 30, 2010	<u><u>\$ 155,181</u></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, 2010**

Collections:	
Court fund revolving fees	<u>\$ 67,184</u>
Total collections	<u>67,184</u>
Deductions:	
Court clerk revolving fund disbursements	<u>88,958</u>
Total deductions	<u>88,958</u>
Collections over (under) deductions	(21,774)
Beginning account balance July 1, 2009	<u>169,980</u>
Ending account balance June 30, 2010	<u><u>\$ 148,206</u></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, 2010**

Finding 2009-1 – Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in 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 instances in which a single person could be responsible for the recording, authorization, custody, and execution of revenue transactions. The following are concerns we noted:

- There are eight employees in the Court Clerk's office, including the Court Clerk. All employees work out of the two cash drawers. The Cost Administrator has her own cash drawer. All employees receive money and issue receipts.
- The Court Clerk is performing the duties of opening mail, receiving money, issuing receipts, preparing reconciliations, and approving balances with the County Treasurer.
- The first deputy is performing the duties of receiving money, issuing receipts, and posting the receipts to accounting records.
- The second deputy is performing the duties of receiving money, issuing receipts, balancing the cash drawer, preparing the deposit, making the deposit, and posting to ledger.

We also noted a concentration of duties in regards to a single person being responsible for recording, authorization, custody, and execution of expenditure transactions for the Court Fund:

- The Court Clerk is responsible for all actions associated with Court Fund expenditures. The Court Clerk is performing the duties of requisitioning, receiving goods and services, issuing vouchers (vouchers are posted to the ledger automatically), and delivering vouchers to vendors.

We also noted a concentration of duties in regards to a single employee being responsible for recording, authorization, custody, and execution of expenditure transactions for the District Court:

- The Court Clerk and first deputy are responsible for reviewing amounts to other agencies, preparing, signing, and distributing district court vouchers.
- All deputies are performing the duties of preparing vouchers, signing vouchers, and mailing or distributing vouchers for refunds. (district court vouchers)

Effect: By having a single person who has the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions could result in not timely detecting unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**ERNESTINE EUBANK, COURT CLERK
PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

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 approved by someone independent of the cash drawer. Also, the duty of preparing and making the deposits should be separated.

Regarding the disbursement process, the duties of issuing vouchers and the delivery/disbursement of vouchers should be separated. In addition, the duty of receiving the goods and/or services should be independent of the duties of issuing and delivering the vouchers.

Views of responsible officials and planned corrective actions: I agree with the State Auditor's findings. I do have knowledge of office operations and I will perform a periodic review of these operations. Since moving back to the Courthouse, we now have our locked cash drawers in place.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV