

STATUTORY REPORT

TULSA COUNTY COURT CLERK

For the period of July 1, 2009 through June 30, 2013



*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

**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2009 THROUGH JUNE 30, 2013**

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Oklahoma State Auditor & Inspector

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

February 19, 2015

Sally Howe Smith, Court Clerk
Tulsa County Courthouse
Tulsa, Oklahoma 74103

Transmitted herewith is the statutory report for the Tulsa County Court Clerk for the period of July 1, 2009 through June 30, 2013. 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".

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

**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
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**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2009 THROUGH JUNE 30, 2013**

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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Sally Howe Smith, Court Clerk
Tulsa County Courthouse
Tulsa, Oklahoma 74103

Dear Ms. Howe Smith:

We have performed procedures for the activities of the Court Fund Account for the purpose of complying with 20 O.S. § 1312 for the period of July 1, 2009 through June 30, 2013. We have also performed procedures for the activities of the Court Clerk Revolving Fund as created by 19 O.S. § 220 for the period of July 1, 2009 through June 30, 2013.

- 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 Tulsa County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the Tulsa 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,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

January 15, 2015

**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE PERIOD OF JULY 1, 2009 THROUGH JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-01 – Inadequate Internal Controls and Noncompliance Over Court Clerk District Court Fund

Condition: Per review of the June 30th District Court reconciliation for fiscal years 2010-2013, we noted the following:

FY 2010:

- The Court Clerk's beginning balance presented on the June 30, 2010 Monthly Report reconciles to the June 30, 2010 Treasurer's beginning balance, but it does not reconcile to the supporting reports and Court Clerk records from which this balance should be derived. A variance of \$1,574.60 exists. Additionally, the Court Clerk's ending balance, per the Court Clerk's supporting reports and records, is \$1,574.60 more than the ending balance on the Treasurer's general ledger.

FY 2011:

- The Court Clerk's ending balance, per the Court Clerk's supporting reports and records, is \$1,742.63 more than the ending balance on the Treasurer's general ledger.

FY 2012:

- The Court Clerk's ending balance, per the Court Clerk's supporting reports and records, is \$61.13 more than the ending balance on the Treasurer's general ledger.

FY 2013:

- The Court Clerk's ending balance, per the Court Clerk's supporting reports and records, is \$59.75 more than the ending balance on the Treasurer's general ledger.

Additionally, reconciliations showed no evidence of being reviewed and approved by someone other than the preparer.

Cause of Condition: Procedures have not been designed to ensure reconciliations performed by the Court Clerk are accurate and correct, reviewed for accuracy by someone other than the preparer, and have indication of review.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the Court Clerk reconcile the Court Clerk District Court Fund records to the Treasurer's general ledger balance monthly and these reconciliations be reviewed for accuracy and approved by someone other than the preparer.

**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
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Management Response:

Court Clerk: Court Clerk's beginning balance was reconciled with the County Treasurer but not with our Case Balance Summary Report. Although we have a variance due to the conversion of paper to computer, circa 1984-1988, we will balance with the case balance summary report in the future.

Criteria: Effective internal controls require management to design and properly implement procedures to ensure reconciliations performed be prepared accurately, all variances be identified, reviewed, and approved by someone other than the preparer.

Finding 2013-02 – Inadequate Internal Controls Over the Court Fund Expenditures

Condition: During our test of Court Fund vouchers, the following exceptions were noted.

FY 2012:

- Of the twenty-five (25) expenditures tested, two (2) of the expenditures did not have supporting documentation for the expenditure.

FY 2013:

- Of the twenty-five (25) expenditures tested, two (2) of the expenditures did not have supporting documentation for the expenditure. In addition, one of the noted expenditures was over paid by \$30.00 for interpreter services.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure detailed supporting documentation and acknowledgement of receipt is maintained for all expenditures.

Effect of Condition: These conditions could result in inaccurate records, incomplete information, and misappropriation of assets.

Recommendation: OSAI recommends that the Court Clerk take steps to ensure proper supporting documentation and an itemized receiving report is attached to all expenditures.

Management Response:

Court Clerk: In regards to supporting documentation not attached to expenditures, the Court Clerk's office will refuse payment requests that do not include the supporting documentation for the payment request.

In regards to overpayment on interpreter services, front office staff will be more diligent in checking the documentation received from the Court Administrator's office.

Criteria: Effective accounting procedures are necessary to ensure the stewardship and accountability of public funds. An important aspect of effective accounting procedures includes maintaining detailed supporting documentation for expenditures.

**SALLY HOWE SMITH, COURT CLERK
TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
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Finding 2013-03 – Segregation of Duties in District Court Divisions and Court Fund (Repeat Finding)

Condition: It was noted that asset custody, transaction authority, bookkeeping, and reconciliations were not properly segregated to ensure adequate internal control structure in each District Court Division and within the Court Fund.

Within the Criminal, Probate, Family/License, Juvenile and Small Claims Divisions of the Court Clerk's office, one employee within each division, often the supervisor, posts payments, writes receipts, verifies payments received, balances the cash drawer, prepares the deposit and the deposit ticket with no indication of a review by a second person. Additionally, the Supervisors can delete multiple docket entries, delete entries created on previous dates, disburse funds by case, and delete cases within the OCIS System.

Within the Court Fund one employee, opens the mail, posts checks received via mail to the system, prepares the deposit, makes the deposit, and reconciles the daily activity report to the Treasurer's report the following day.

Cause of Condition: Policies and procedures have not been designed to properly segregate payment collection and deposit functions.

Effect of Condition: 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 the following key accounting functions within the divisions of the Court Clerk's office be adequately segregated:

- Issuing receipts.
- Preparing/reviewing deposits.
- Management override of OCIS system.

In addition, OSAI recommends establishing a system of controls to adequately protect the collections of the Court Clerk's office, which include but are not limited to the following:

- Review processes to ensure accuracy.
- A daily log of mailed receipts should be compiled.

Management Response:

Court Clerk: As to segregation of duties and approval, sign off by someone other than the person who prepared the documents will be done in the future.

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Criteria: Effective internal controls require that key functions within a process be adequately segregated to allow for preventions and detection of errors and possible misappropriation of funds.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV