

# Briefing Document: Pottawatomie County Court Clerk Audit Reports (FY 2006-2009)

*Integrity of the Game vs Economic Impact (Politics); The Oklahoma Business Plan*

**Date:** October 26, 2023 **Prepared For:** Interested Parties **Prepared By:** Gemini AI **Subject:** Review of Oklahoma State Auditor & Inspector Reports for Pottawatomie County Court Clerk (FY 2006-2009)

This briefing document summarizes the key findings and financial information presented in the Statutory Reports issued by the Oklahoma State Auditor & Inspector (OSAI) for the Pottawatomie County Court Clerk for the fiscal years ending June 30, 2006, 2007, 2008, and 2009. These reports, conducted in accordance with 20 O.S. § 1312, review the activity of the Court Fund Account and the Court Clerk Revolving Fund.

## 1. Introduction and Scope:

The OSAI conducted statutory reports for each fiscal year, focusing on specific procedures related to receipts, expenditures, and reconciliations for both the Court Fund and the Court Clerk Revolving Fund.

The reports explicitly state that the engagements were "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." Therefore, no opinion is expressed on the general-purpose financial statements of Pottawatomie County.

The primary responsibilities of the Court Clerk, Reta Head during this period, include recording court proceedings, collecting fees, issuing legal documents, maintaining financial records, controlling Court Fund expenditures, and disbursing funds according to court instructions and state statutes.

## 2. Overall Financial Status (Court Fund Account):

The Court Fund Account, primarily funded by court fines, fees, and forfeitures, showed consistent collection activity across the four fiscal years. Below is a summary of the ending account balances:

**FY 2006:** \$254,790 (Collections over deductions: \$20,843)

**FY 2007:** \$287,398 (Collections over deductions: \$32,608)

**FY 2008:** \$289,944 (Collections over deductions: \$2,546)

**FY 2009:** \$256,052 (Collections under deductions: -\$33,892)

The reports provide detailed breakdowns of deductions categorized as "Lump sum budget categories," "Restricted budget categories," and "Mandated categories" (primarily Law Library and State Judicial Fund). These categories cover a range of expenses from juror and attorney fees to office supplies, equipment maintenance, and state-mandated payments.

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### 3. Overall Financial Status (Court Clerk Revolving Fund):

The Court Clerk Revolving Fund, funded by revolving fees, showed more variability in its financial status:

**FY 2006:** \$70,104 (Collections under deductions: -\$71,172)

**FY 2007:** \$156,335 (Collections over deductions: \$86,231)

**FY 2008:** \$195,414 (Collections over deductions: \$39,079)

**FY 2009:** \$191,792 (Collections under deductions: -\$3,622)

The Revolving Fund is used for "court revolving fund expenses," the details of which are not specified in the provided excerpts beyond the total deduction amount.

### 4. Key Findings and Recommendations:

The most significant and consistently repeated finding across all four fiscal years was a concern regarding the **segregation of duties**.

#### **Finding 2006-1, 2007-1, 2008-1, 2009-1 – Segregation of Duties (Repeat Finding):**

**Criteria:** The reports emphasize that "accountability and stewardship are overall goals of management in the accounting of funds" and that "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 (Revenue):** The reports consistently noted that "all employees work from the same cash drawer," and the first and second deputies performed multiple critical functions including balancing the cash drawer, preparing deposits, taking deposits to the Treasurer, reconciling accounts, and approving bad debt write-offs.

**Condition (Expenditure):** Concerns were raised that the Court Clerk had significant control over the expenditure process, including calculating and reviewing amounts vouchered, authorizing purchases, preparing claims, and approving payments. Similarly, the first and second deputies were involved in calculating, reviewing, preparing, signing, mailing, and certifying receipt of goods/services, with the second deputy also having purchase authorization.

**Effect:** The concentration of these duties in a limited number of individuals could lead to "unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner."

**Recommendation:** The OSAI consistently recommended that management be aware of this lack of segregation and implement better controls. Specific recommendations included establishing separate cash drawers for each employee, independent reconciliation of cash drawers, and separation of duties in the disbursement process (issuing vouchers, delivery/disbursement, requisitioning, and receiving).

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**Views of Responsible Officials:** Reta Head acknowledged the issue, stating, "I have twelve deputies. KellPro allows three of us the security clearance to reverse receipts. My deputies alternate months doing the deposits and end of month books. We are now training another deputy to help with these functions." This response indicates an awareness of the problem and some attempts at mitigation, but the repeated finding suggests these measures were insufficient to fully address the OSAI's concerns.

#### **Finding 2009-2 – Revolving Fund Expenditures:**

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

**Condition:** During testing of revolving fund expenditures, "1 of the 25 claims tested did not have an invoice or supporting documentation."

**Effect:** This lack of documentation "could result in undetected errors or misappropriation of funds."

**Recommendation:** The OSAI recommended "that more emphasis be placed on having an original invoice or supporting documentation attached to all claims."

**Views of Responsible Officials and OSAI Response:** Reta Head disagreed, stating, "I never pay a claim without an invoice attached. The District Judge would not sign it without an invoice." The OSAI responded by clarifying that "The documentation for claim #137 is a memo from the County Clerk to the Court Clerk requesting a purchase order for the Court Clerk's revolving fund. Sufficient supporting documentation should include the payroll claim supporting the amount of the payment." This highlights a discrepancy in record-keeping practices and the definition of sufficient supporting documentation.

#### **5. Commendable Features:**

Despite the noted findings, the OSAI reports included a standard statement acknowledging positive aspects: "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."

Additionally, for each fiscal year, the reports stated: "Based on the above reconciliations, tests, and procedures performed, and with respect to the items tested, 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 [except for the 2009 finding]; District Court vouchers were properly accounted for and issued in accordance with Court instructions; Court Fund activity, Court Clerk Revolving Fund activity, and District Court case balances reconciled with the County Treasurer's records." This indicates that the financial records generally aligned with expectations based on the limited testing performed.

**Disclaimer:** This summary is presented in a formal, academic style, reflecting both legal and community perspectives. The findings herein are based on the data compiled in the Research and do not constitute legal advice. The opinions expressed regarding municipal failures are those of the investigator(s) and do not necessarily represent an official stance by any governing body.

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### **6. Conclusion:**

The OSAI Statutory Reports for the Pottawatomie County Court Clerk for fiscal years 2006 through 2009 consistently identified a significant deficiency in the **segregation of duties** related to both revenue and expenditure transactions. While the financial records appeared to be generally accurate based on the testing performed, this lack of segregation created an environment with an increased risk of errors or fraud. The report for FY 2009 also highlighted an issue with **supporting documentation for a revolving fund expenditure**. The repeated nature of the segregation of duties finding suggests that while management was aware of the issue and may have taken some steps, the fundamental control weaknesses persisted throughout this period. The reports serve as a management tool and emphasize the importance of robust internal controls and oversight in the Court Clerk's office.