



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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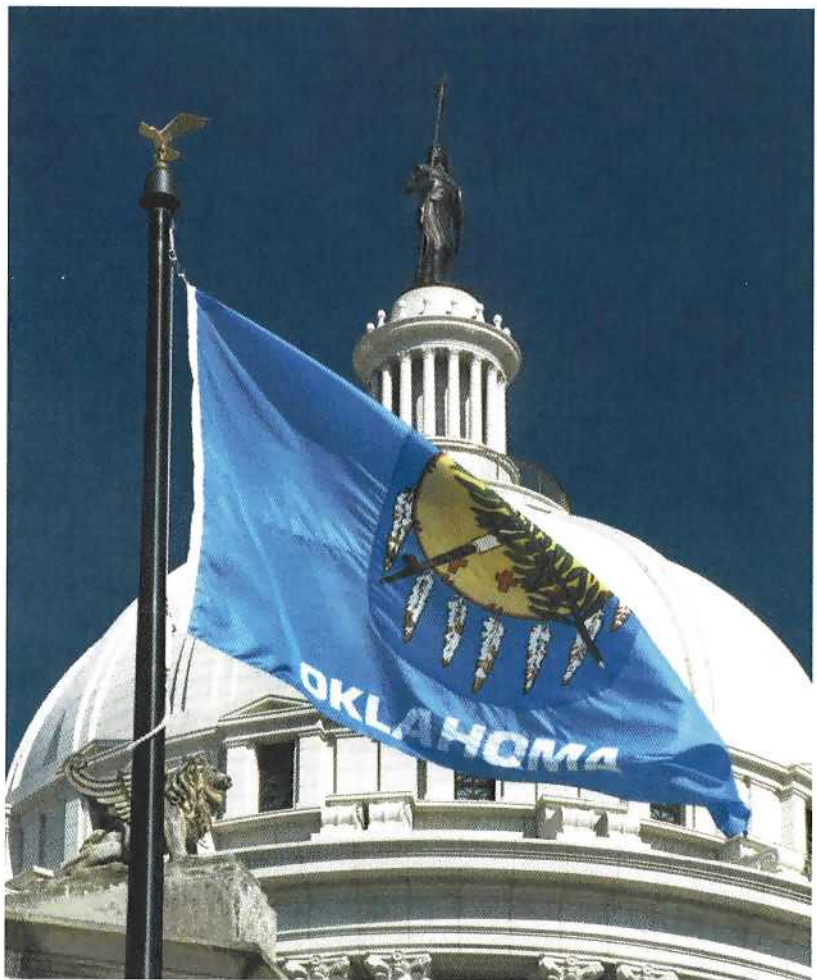
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SUPREME COURT

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 2003 THROUGH JUNE 30, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Supreme Court
Agreed-Upon Procedures Report
For the Periods
July 1, 2003 to June 30, 2005

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 7, 2006

TO THE HONORABLE CHIEF JUSTICE JOSEPH M. WATT

Transmitted herewith is the report on agreed-upon procedures of the Supreme Court.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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Background

This Mission of the Supreme Court is to serve as the court of last resort and to give all disputes a fair and timely hearing and resolution.

Agency Head

HONORABLE JOSEPH M. WATT CHIEF JUSTICE

Key Staff

MIKE EVANS ADMINISTRATOR

LIN BUCHANAN CHIEF FISCAL OFFICER



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**Honorable Joseph M. Watt, Chief Justice
Supreme Court**

We have performed the procedures enumerated below, which were agreed to by management of the Supreme Court, solely to assist you in evaluating the effectiveness of your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements and personal service cost budgetary comparisons are supported by underlying records for the period July 1, 2003 through June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We performed procedures over the Court's receipts and disbursements with respect to internal controls in the following areas:
 - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by an original invoice;
 - Timesheets were prepared by employees and approved by supervisory personnel,

During our review of internal controls over cash receipts, we noted that checks are not immediately endorsed upon receipt by the individual who opens the mail. However, according to 62 O.S. § 7.1C2c, "All checks received must be restrictively endorsed immediately upon receipt. Therefore, we recommend the agency give the responsibility of endorsing checks to the individual who opens the mail to ensure compliance with 62 O.S. § 7.1C2c.

Management response:

We concur. To immediately resolve this finding, we have adopted the following new procedure: Upon receipt of the daily mail, the finance officer in charge of deposits will open the mail and immediately take control of all checks received. The checks will be endorsed at that time and appropriately included in the daily deposits. This process change should bring us into conformance with 62 O. S. § 7.1C2c.

With respect to the other procedures applied, there were no findings.

2. We selected 48 deposits for FY 2004 and selected 25 deposits for FY 2005, and:
 - Compared the Treasurer's deposit date to the agency deposit slip date to determine if dates were within two working days.
 - Examined receipts to determine if they were pre-numbered and issued in numerical order.
 - Compared cash/check composition of deposits to the receipts issued.
 - Compared the total receipts issued to the deposit slip.
 - Compared receipt dates to deposit slip dates.
 - Examined receipts to determine if they were properly posted to the agency's accounting records.

With respect to the procedures applied, there were no findings

3. We selected 50 vouchers for FY 2004 and selected 25 vouchers for FY 2005, and:
 - Compared the voucher amount to the invoice amount;
 - Compared the voucher amount and payee to the CORE system;
 - Compared the nature of the purchase to the account code description to determine consistency.

During our testing of expenditure claims for fiscal year 2004, we noted three claims for legal services totaling \$522,580.50 that were coded to account 536140 (Expendable Office Supplies). Upon further investigation, we noted three additional claims for legal services totaling \$51,053.25 coded to this account. According to the *OSF Object of Expenditure Code (OEC) Listing and Definitions*, a code in the account series 515000 (Professional Services) should have been used. Therefore, we recommend the agency ensure expenditures are properly coded in accordance with OSF guidelines.

Management response:

We concur. The Legal Aid Services Revolving Fund monies are "passed through" the Supreme Court Budget. A coding error was made during the initial contract processes through DCS causing all claims processed for that year to be coded incorrectly. The finding has been noted and discussed with the accounting unit and will be correctly entered on future claims.

With respect to the other procedures applied, there were no findings.

4. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to current year budgeted costs to determine actual costs did not exceed budget.

There were no findings noted as a result of applying the comparisons.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, and disbursements for the agency. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We have also compiled Schedules of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system, which is presented in the "Other Information" section. The schedules, compiled for fiscal years 2004 and 2005 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, have been included for informational purposes only. A compilation is limited to presenting financial information that is the representation of management. We have not audited or reviewed the accompanying Schedules of Receipts, Disbursements, and Changes in Cash, and accordingly, do not express an opinion or any other form of assurance on them.

This report is intended solely for the information and use of management of the Board and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN
State Auditor and Inspector

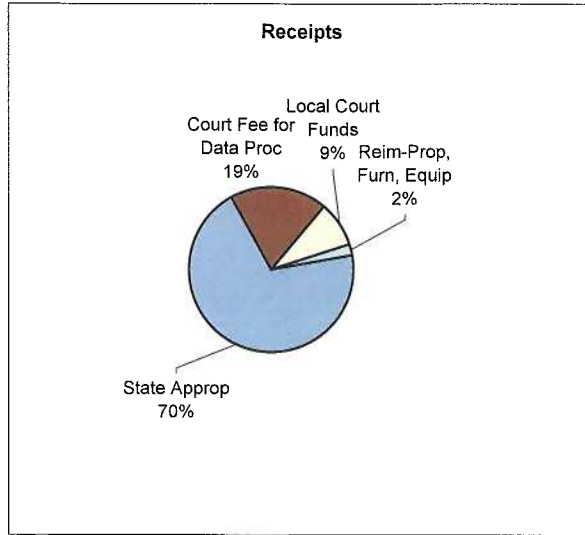
Other Information

Supreme Court

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2004 - UNAUDITED

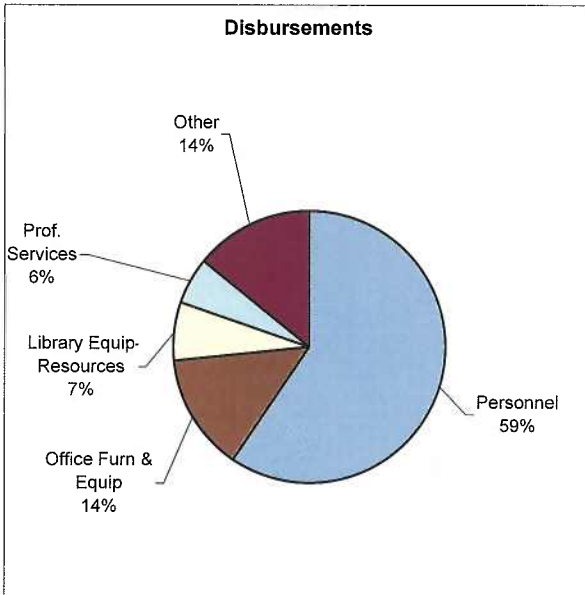
RECEIPTS:

State Appropriations	\$	12,113,634
Court Fee for Data Proc		3,299,196
Local Court Funds		1,561,121
Reim-Prop, Furn, Equip		218,458
Federal Grants In- Aid		170,856
Total Receipts		17,363,265



DISBURSEMENTS:

Personnel		10,434,459
Office Furn & Equip		2,430,575
Library Equip-Resources		1,210,491
Professional Svc		974,349
Misc. Admin		672,294
Prog Reimb, Litig Costs		511,216
Bond Payments		452,297
Maint & Repair		290,714
Rent		248,058
Travel		180,912
General Oper		116,348
Other		20,429
Total Disbursements		17,542,142



RECEIPTS OVER (UNDER) DISBURSEMENTS (178,877)

CASH - Beginning of year 2,579,602

CASH - End of year \$ 2,400,725

See Independent Accountant's Report

Solely for the information and use by the management of the Supreme Court of Oklahoma and not intended to be and should not be used by any other party.

Supreme Court

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FOR THE YEAR ENDED JUNE 30, 2005 - UNAUDITED**

RECEIPTS:

State Appropriations	\$ 18,734,636
Court Fee for Data Proc	5,701,193
Local Court Funds	1,305,375
Sale of Service	270,429
Federal Grants In- Aid	86,910
Certif Court Rep Fees	42,330
Total Receipts	26,140,873

TRANSFERS:

Local Ct Fnds to District Courts	<u>38,228,659</u>
Total Receipts & Transfers	64,369,532

DISBURSEMENTS:

Personnel	10,610,626
Office Furn & Equip	2,651,637
Library Equip-Resources	1,319,393
Professional Services	1,032,792
Misc. Admin	875,165
Bond Payments	654,576
Prog Reimb, Litig Costs	549,381
General Operating	450,120
Rent	261,057
Travel	223,114
Maint & Repair	184,705
Other	76,744
Total Disbursements	18,889,310

TRANSFERS:

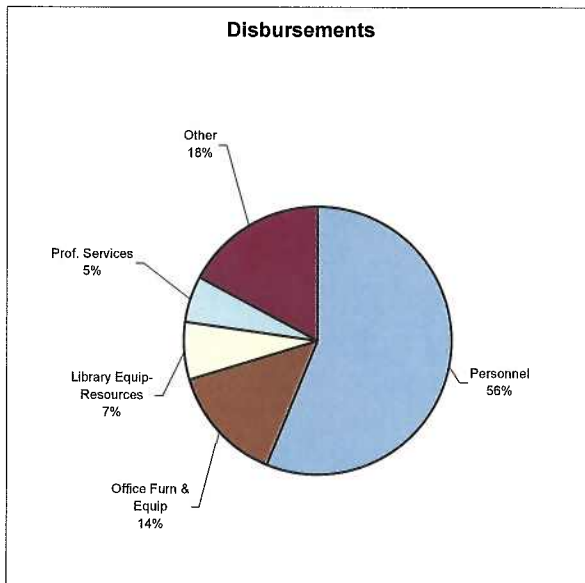
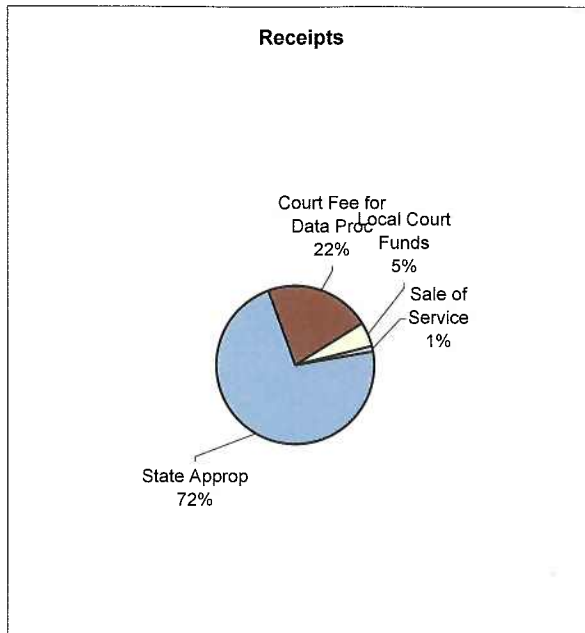
Appropriations to Dist. Cts.	<u>38,228,659</u>
Total Disbursements & Transfers	57,117,969

RECEIPTS OVER (UNDER)
DISBURSEMENTS

	7,251,563
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CASH - Beginning of year 2,400,725

CASH - End of year \$ 9,652,288



See Independent Accountant's Report

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