



Office of Missouri State Auditor
Nicole Galloway, CPA

FOLLOW-UP REPORT ON AUDIT FINDINGS

**Twenty-Ninth Judicial Circuit
City of Joplin Municipal Division**

Report No. 2016-093
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Twenty-Ninth Judicial Circuit
City of Joplin Municipal Division
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*Includes selected findings



NICOLE GALLOWAY, CPA **Missouri State Auditor**

Presiding Judge
Twenty-Ninth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the City Council
Joplin, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2015-135, *Twenty-Ninth Judicial Circuit, City of Joplin Municipal Division* (rated as Poor), issued in December 2015, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the municipal division about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

Our methodology included working with the municipal division, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed documentation provided by municipal division and city officials and held discussions with officials to verify the status of implementation for the recommendations. Documentation provided by the officials included municipal division policies and procedures, administrative orders, ordinances, monthly reports, receipt and disbursement records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed by August 2016.

Nicole R. Galloway, CPA
State Auditor

Twenty-Ninth Judicial Circuit

City of Joplin Municipal Division

Follow-Up Report on Audit Findings - Status of Findings

1. Accounting Controls and Procedures	Accounting controls and procedures needed significant improvement.
1.1 Adjustments	Procedures for processing and monitoring of adjustments in the case management system needed improvement. No procedure for reviewing adjustments had been established and division personnel could not generate a report from the case management system differentiating adjustments made by court clerks from automatic adjustments generated by the system. In addition, the court clerks adjusted amounts differently in the case management system.
Recommendation	The City of Joplin Municipal Division establish procedures for the consistent application of adjustments and ensure an independent review and approval of adjustments is performed and documented.
Status	Implemented The municipal division implemented a policy in April 2016 outlining consistent procedures to apply adjusting entries to fines, court costs, or fees. In addition, the policy requires proper supporting documentation and independent review and approval of adjustments. The Sentencing Clerk now makes all adjustments and the Court Administrator reviews the adjustments. The Sentencing Clerk may adjust only a portion of the fines and costs or adjust the total amount due depending on the case. The Court Administrator reviews a report of partial adjustments quarterly and a report of total adjustments daily. We reviewed the first quarter 2016 partial adjustments report and the June 30, 2016, daily total adjustments report. A municipal judge's order supported all adjustments reported and the Court Administrator's review was documented.
1.2 Noncash transactions	The municipal division did not ensure court personnel properly documented noncash transactions entered into the case management system and had not established procedures for review and approval of these transactions by someone independent of the receipting process. In addition, the municipal division failed to timely record jail time or community service credit earned.
Recommendation	The City of Joplin Municipal Division require an independent review and approval of all noncash transactions, retain adequate documentation to support noncash transactions, and ensure transactions are recorded timely.
Status	Implemented The Court Administrator reviews a report of all noncash transactions daily. We reviewed the June 30, 2016, report and adequate documentation



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supported each transaction, including an order from the municipal judge, and each was recorded timely. The Court Administrator's review was documented.

1.3 Recording, endorsing, and transmitting procedures

Recording, endorsing, and transmitting procedures needed significant improvement.

- Court clerks did not always record monies received in the case management system or restrictively endorse checks and money orders immediately upon receipt. Monies received with plea bargain agreements pending approval by the municipal judge, advance payments, and some bonds were held until the corresponding ticket had been entered into the case management system. In addition, the municipal division did not always transmit receipts to the city intact or timely.
- The municipal division did not adequately review city provided documentation to ensure bond and restitution liabilities were properly recorded in the city's accounting system.

Recommendation

The City of Joplin Municipal Division record receipts in the case management system timely, endorse checks and money orders immediately upon receipt, and transmit all monies intact and timely. In addition, the municipal division should ensure receipts are properly recorded in the city's accounting system.

Status

In Progress

The municipal division implemented new policies and procedures, but did not always follow them. The municipal division implemented a policy in January 2016 requiring prompt recording of receipts in the case management system, endorsement of checks and money orders immediately upon receipt, and transmitting of all monies to the Finance Department intact and timely. The Court Administrator indicated municipal division receipts are transmitted daily, the city Finance department issues a receipt for the transmittal, and the receipt is compared to a daily municipal division distribution report to ensure the amounts recorded in the city accounting system agree to municipal division records. We reviewed the July 1, 2016, transmittal and the municipal division distribution report agreed to the Finance Department receipt.

This process was in place until the municipal division case management system failed in July 2016. At that time, the municipal division stopped turning over receipts to the city. The system failed on July 13, 2016, and the municipal division did not transmit monies to the city until July 28, 2016, when city personnel identified that transmittals had ceased. A second



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transmittal occurred on August 2, 2016, prior to an on-site visit performed by the State Auditor's office. These 2 transmittals included cash and checks totaling approximately \$54,000.

In addition, the municipal division did not accept bond monies from the police department between July 13, 2016, and August 2, 2016. The Court Administrator indicated this occurred because the municipal division did not have adequate space in the municipal division safe to secure this money.

We verified with the City Finance Director that daily turnovers resumed as of August 3, 2016. The case management system was restored in August 2016 and the municipal division closed from August 22 to August 26, 2016, so court personnel could update case information in the system.

1.4 Accrued costs

Municipal division personnel did not adequately monitor accrued costs owed to the municipal division, including fines, court costs, fees, and court ordered restitution.

Recommendation

The City of Joplin Municipal Division establish procedures to review accrued costs for accuracy and properly follow up on amounts due.

Status

In Progress

The municipal division implemented a policy in April 2016 to quarterly review accrued costs including examining the accuracy of and proper follow up on amounts due.

The Court Administrator used a report run at the request of the SAO during the audit (the report included accrued costs through November 11, 2015) to perform his first quarterly review rather than a current period report. The Court Administrator identified 3 cases with a disposition of "dismissed," but the cases improperly remained on the report. The Court Administrator presented the information to the Municipal Judge who signed an Administrative Order, dated May 18, 2016, waiving \$32 in fees for these cases. The Court Administrator indicated he will begin using current reports for his subsequent reviews.

2. Liabilities

The municipal division's procedures related to identifying, reconciling, and monitoring liabilities needed improvement.

2.1 Reconciliations

Reconciliation procedures for bonds and restitution were not adequate and some differences between city records and municipal division records remained unresolved.

Recommendation

The City of Joplin Municipal Division work with the city Finance Department to ensure liabilities are properly accounted for and



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reconciliations and adjustments to liability accounts are reviewed by municipal division personnel. Unidentified differences should be promptly investigated and resolved.

Status

Implemented

The municipal division implemented a policy in April 2016 requiring municipal division and city Finance Department personnel to review a monthly listing of bonds, restitution, and open bonds for accuracy and reconcile municipal division and city records. The reviews are intended to identify and reconcile any discrepancies, as well as ensure the appropriate disbursement of monies.

We reviewed the June 2016 reconciliations performed by the city Finance Department and the municipal division. Documentation for both the bond reconciliation and the restitution reconciliation showed all liabilities had been accounted for and differences had been investigated and resolved.

2.2 Review of open bonds

The municipal division had not established procedures to review the status of open bonds held and ensure the timely disbursement of monies and the accuracy of liabilities.

Recommendation

The City of Joplin Municipal Division routinely review the list of open bonds and disburse or dispose of monies as appropriate.

Status

Implemented

As discussed in the status for MAR finding number 2.1, the municipal division implemented a policy in April 2016 addressing the review of open bonds. Previously a report of open bonds held was printed at the end of each month, but was not reviewed. The review of the list of open bonds is now performed monthly during the reconciliation of city and municipal division bond records. We reviewed the reconciliation process performed for open bonds held in June 2016, and documentation provided showed the open bonds held were reviewed.

2.3 Restitution

The municipal division had not established adequate procedures to properly track, monitor, and disburse court-ordered restitution.

Recommendation

The City of Joplin Municipal Division develop procedures and records to adequately track court-ordered restitution and establish procedures to ensure restitution is accurately and timely disbursed.

Status

Implemented

As discussed in the status for MAR finding number 2.1, the municipal division implemented a policy in April 2016 addressing the monthly review



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and reconciliation of restitution. We reviewed the June 2016 reconciliation and the documentation provided showed court personnel reviewed the accuracy of the restitution due to the municipal division and disbursements made.

3. **Electronic Data Security** User access to the municipal division's electronic data was not properly restricted. We identified problems with both the case management and cash handling modules of the municipal division's case management system. In addition to municipal division personnel, users included various city personnel (finance department, police department, health department, prosecuting attorney's office, etc.). It was found that of the 310 users, 120 users should not have had access; including 89 users who were no longer employed with the city or municipal division and 25 users who could not be identified when city human resource personnel reviewed the list of active users.

Recommendation

The City of Joplin Municipal Division review user access to data and other information resources to ensure access rights are commensurate with current user job responsibilities. The municipal division should also work with the city to ensure changes in the status of city employees are communicated timely so the municipal division can make necessary system access changes.

Status

Implemented

The municipal division adopted a policy in April 2016 outlining procedures for maintaining an accurate authorized user listing within its case management system. A user's access is limited to functions prescribed by their job description and changes in employee status are communicated to the city Information Technology Department when an employee is hired, changes job positions, or terminates, to ensure user and access rights are updated.

4.1 **Case Disposition and Warrants - Voided cases**

No independent review or approval of cases voided by court clerks was completed. All clerks had the ability to void a case, no prior approval was required to void a case, and no subsequent review of voided cases occurred.

Recommendation

The City of Joplin Municipal Division restrict the ability to void cases, require documented approval, and establish procedures for subsequent review of voided cases.

Status

In Progress

The municipal division restricts entering voided transactions for failure to appear citations for probation appointments to compliance officers and all other voided transactions to one court clerk. The municipal division adopted a policy in November 2015 requiring the weekly review of all citations voided, declined, dismissed, referred to the Circuit Court, or referred to the



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juvenile office to ensure they are properly handling and documenting them. The policy requires the Court Administrator to initial and date the citations after his approval.

We requested a listing of all citations voided in June 2016 and reviewed the documentation for 2 voided citations in detail. The first citation was a "failure to appear for a probation" appointment citation. The notice to appear was retained with a written note showing the date and time that the defendant appeared for the probation appointment later that same day, necessitating voiding the citation. The second citation was written by a Joplin Police Officer who later requested, by affidavit, voiding of the citation. The original citation was retained, but initials of the person voiding it were not on the citation as required by policy.

4.3 Case Disposition and
Warrants - Dismissed
cases

Documentation of dismissed cases was not always maintained or adequately approved. We reviewed cases dismissed by municipal judge or the Prosecuting Attorney and determined the municipal division did not have documentation for all of the cases. Also, for some of the cases with documentation, the dismissal was not signed by the municipal judge or the Prosecuting Attorney, or a clerk applied the Prosecuting Attorney's signature stamp without noting who used the stamp or the Prosecuting Attorney did not subsequently review usage of the stamp.

Recommendation

The City of Joplin Municipal Division require documented review and approval of all dismissed cases and require user of signature stamp to initial the stamp, and establish procedures for subsequent review and approval of stamped documents.

Status

Implemented

As discussed in the status for MAR finding 4.1, the municipal division implemented a policy in November 2015 addressing the review of dismissed citations to ensure such cases are approved and signed, and the proper use of the signature stamp. We requested a listing of all cases dismissed in May 2016 and reviewed 2 cases in detail. For the first case, the City Prosecutor entered a Nolle Prosequi. The Nolle Prosequi documentation, along with the original citation, stamped "case dismissed" and signed and dated, were retained. For the second case, the prosecutor declined prosecution. The original citation was stamped "declined prosecution," signed, and dated as required.

5.1 Municipal Division
Controls and Procedures
- Fees

The municipal division failed to assess some fees in accordance with city code and state law and did not have support for recoupment fees charged. We noted issues with the following fees:



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- The municipal division assessed a potentially improper \$25 failure to appear fee.
- The warrant, probation, arrest, and booking fees assessed by the municipal division did not comply with state law or city code.
- The municipal division assessed electronic monitoring and work release fees without the support of an ordinance.
- The municipal division assessed a recoupment fee that has not been formally established by the police department as required by ordinance.

Recommendation

The City of Joplin Municipal Division work with the city and legal counsel to review the assessment of various fees and to ensure all fees are adequately supported and assessed in accordance with city ordinance and state law.

Status

Implemented

We reviewed municipal division administrative orders and city council bills, dated between July 2015 and April 2016, pertaining to the fees discussed in the finding. The city council passed ordinances to repeal the arrest fees and properly authorize the probation, electronic monitoring, and work release fees collected by the municipal division. The municipal judge issued court administrative orders to ensure warrant and booking fees were consistent with city ordinance and state law and the police department formally established a recoupment fee, as required. In addition, the municipal division no longer applies fees for failure to appear without an associated charge and the municipal judge issued an administrative order to remove any failure to appear fees on existing cases and recall any warrants related to the fees.