



Office of Missouri State Auditor
Nicole Galloway, CPA

FOLLOW-UP REPORT ON AUDIT FINDINGS

**Twenty-First Judicial Circuit
City of Wellston Municipal Division**

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Twenty-First Judicial Circuit
City of Wellston Municipal Division
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*Includes selected findings



NICOLE GALLOWAY, CPA **Missouri State Auditor**

Presiding Judge
Twenty-First Judicial Circuit
and
Municipal Judge (Consolidated Municipal Courts)
and
Court Administrator (Consolidated Municipal Courts)
and
Honorable Mayor
and
Members of the City Council
Wellston, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2016-083, *Twenty-First Judicial Circuit, City of Wellston Municipal Division* (rated as Poor), issued in September 2016, 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.

As part of the AFTER work conducted, we reviewed written policies and procedures, documentation provided by Consolidated Municipal Courts officials, and held discussions with officials to verify the status of implementation for the recommendations. This report is a summary of the results of this follow-up work, which was substantially completed during April 2017.

Nicole R. Galloway, CPA
State Auditor

Twenty-First Judicial Circuit

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Introduction

The City of Wellston dissolved its municipal division in an effort to reduce costs and increase efficiency. In January 2017, the City Council voted to discontinue the municipal division and enter into a contract with the City of St. Ann for court services.

In February 2017, the City of Wellston transferred all court operations to the City of St. Ann. The City of Wellston will pay the City of St. Ann \$43,000 annually for court administrative and prosecutor assistant services. The Presiding Judge of St. Louis County approved the administrative handling of various cities' (Beverly Hills, Charlack, Northwoods, Vinita Park, and Wellston) municipal court cases through the St. Ann Municipal Court. The consolidated court operation is known as the Consolidated Municipal Courts (CMC). The CMC uses an automated case management system known as the Justice Information System (JIS) provided by the Office of State Courts Administrator (OSCA). The City of Wellston continues to use the North County Police Cooperative (NCPC) to provide policing services.

1. Bond Procedures

Some bond monies were not transmitted to the municipal division from the former police department and, as a result, may be missing. Also, we were unable to determine whether some bond receipts recorded as paid by credit card were deposited into city accounts because the police department and police cooperative did not always properly record the method of payment. In addition, municipal division procedures for identifying, reconciling, and monitoring bond liabilities needed improvement, and some bond monies were not properly restricted.

1.1 Bond receipts, transmittals, and deposits

We identified various problems when comparing bond amounts receipted, transmitted, and deposited, and when comparing amounts recorded in manual records to amounts recorded in the case management system.

- Recorded cash bond receipts totaling \$1,232 were receipted by the police department but apparently not transmitted to the municipal division. Also, we were unable to determine whether some bond receipts recorded as paid by credit card totaling \$3,398 were deposited into city accounts.
- Bonds paid by credit card were deposited in the city's fines and fees account instead of the bond account.
- The Court Clerk did not record some bonds in the case management system and did not record some bonds for the correct amount.

In addition, we identified numerous procedural problems. There was no review or comparison between bond records, case management system entries, and deposits, and there were no procedures to account for the numerical sequence of prenumbered bond forms. The NCPC did not ensure the method of payment was properly recorded on the bond forms and/or the



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bond log, and the municipal division did not ensure the method of payment was properly recorded in the case management system.

Recommendation

The City of Wellston Municipal Division investigate the missing funds and other questionable transactions, and seek assistance from law enforcement if appropriate. Continue to ensure manual bond forms are prenumbered and work with the policing cooperative to ensure manual bond forms and the bond log clearly indicate the method of payment. Also, implement procedures to ensure someone independent of the receipting process accounts for the numerical sequence of manual bond forms and reconciles the forms and/or the bond log to the case management system and deposits.

Status

Implemented

Due to the disbanding of the city's police department in June 2015, the city could not determine who was responsible for the possible missing monies. The NCPC uses the City of St. Ann jail to process any persons arrested from Wellston. The jail uses prenumbered bond forms, prenumbered bond receipts, and a one-write bond ledger to track bonds issued. When an officer completes a bond form, a copy of the receipt slip, bond form, and money are placed in a secured drop box. The box is emptied every other day by a CMC clerk in the presence of a City of St. Ann police officer. The clerk enters the information from the one-write bond ledger into the JIS and prepares the deposit. The CMC has proper segregation of duties in place, and the method of payment is tracked in all bond records. The CMC Administrator or Deputy Administrator account for the numerical sequence of bond forms and reconcile the bond log to the JIS and individual deposits.

1.2 Bond liabilities, reconciliations, and review of open items

A book balance for the bond account was not maintained to facilitate monthly reconciliation to the bank balance and related liabilities (open bonds). In addition, while a list of outstanding bonds was maintained in the municipal division's case management system, the list was not generated and submitted to the city monthly for reconciliation to the bond account balance. The municipal division had not established procedures to review the status of open bonds held and some bond monies are not properly restricted.

The Court Clerk generated a list of open bonds but the listing was not accurate and required various adjustments. City personnel indicated they were aware of an apparent shortage and had been unable to perform timely transfers of monies for bonds that had been applied to court fines and costs or forfeited. After adjusting for known and/or possible differences totaling approximately \$172,100, the remaining unexplained shortage was approximately \$108,217. The city disbursed monies from the bond account for lease payments but these bonds were not forfeited or applied and the money did not belong to the city. In addition, the city incorrectly deposited bonds paid by credit card into the city's fines and fees bank account instead of the bond bank account.



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Recommendation

The City of Wellston Municipal Division work with the city to maintain a bond account book balance, perform monthly bank reconciliations, and follow up on outstanding checks. In addition, prepare monthly lists of liabilities and reconcile the lists to the bank balance of all bond monies held, promptly investigate and resolve differences, and work with the city to investigate reasons for the large unidentified difference in the bond account. Further, routinely review the list of open bonds and disburse or dispose of monies as appropriate, implement procedures to ensure bond activity is posted to the case management system accurately and timely, determine the amount of restricted bond monies in the fines and fees account, and ensure bond monies are properly restricted.

Status

In Progress

The CMC Administrator and Municipal Judge are aware of the shortage identified in the audit and are taking steps to investigate it, including a review of bonds that are eligible to be forfeited or applied but have not been identified as such in the case management system. The CMC has opened a new bank account that is used for fines, court costs, and bonds for any cases initiated after January 2017. The CMC is reviewing older case files dating back to 2015 to verify if the bonds listed in the city's former case management system, Integrated Metropolitan Docketing System (IMDS), are classified correctly. Current cases are on the JIS. Each month, the CMC Administrator generates a JIS open items list for the City of Wellston. This list currently shows no open items because the CMC has not processed any cash bonds for the City of Wellston. The CMC provides the city the monthly JIS reports, bank reconciliation, and listing of all disbursements. The CMC is providing periodic updates to the Presiding Judge regarding the status of the review, including how many cases have been reviewed and details regarding the status of the bond(s) applicable to the case. In May 2017, the CMC took control of any remaining bond monies held by the City of Wellston.

2.1 Accounting Controls and Procedures - Oversight

Neither the Municipal Judge nor city personnel performed adequate supervisory or independent reviews of court accounting functions and records. There were no procedures in place to account for the numerical sequence of receipt slips issued or compare the composition of receipt slips to the composition of monies transmitted. Fines, court costs, and bond monies were transmitted for deposit into city accounts; however, the city did not provide documentation to the municipal division detailing how the transmitted court monies were recorded in the city's accounting records.

Recommendation

The City of Wellston Municipal Division ensure documented thorough independent or supervisory reviews of municipal division accounting records are periodically performed. In addition, work with the city to ensure monies transmitted to the city are reconciled with deposits recorded in the city's accounting records.



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Status

Implemented

The CMC Administrator and City of St. Ann Assistant City Clerk review all deposits. As part of their review, they compare all monies received since the prior deposit to monies deposited and recorded in the accounting records and the JIS. The contracted accountant for the City of Wellston is responsible for ensuring all monies received from the CMC are properly recorded in the city's accounting system and deposited in the correct bank account.

2.2 Accounting Controls
and Procedures -
Recording and
transmittal procedures

Municipal division receipts were not transmitted intact or timely to the city for deposit, receipts were entered in the case management system in the wrong amounts, and refunds were not issued for overpayments. Our review of municipal division receipts and city deposit records identified various issues including an undeposited money order held for a significant period of time because the city could not identify to which defendant the payment pertained, 5 overpayments made by defendants without refunds being issued, and deposits of court monies not occurring timely and/or intact.

Recommendation

The City of Wellston Municipal Division ensure receipts are transmitted intact and timely. Additionally, ensure receipts are entered in the case management system at the correct amount and promptly issue refunds for overpayments.

Status

Implemented

The CMC has procedures in place to ensure receipts are transmitted to the City of St. Ann intact and timely, and city personnel generally deposit receipts daily. Also, the CMC has procedures in place to ensure receipts are entered correctly in the JIS and refunds are issued by check for any overpayments. We reviewed the March 2017 deposit and bank records and noted deposits were made timely and intact.

2.4 Accounting Controls
and Procedures - Timely
disbursements

City officials did not disburse amounts collected for the Crime Victims Compensation Fund (CVC) and Peace Officer Standards and Training Commission (POST) surcharges monthly.

Recommendation

The City of Wellston Municipal Division work with the city to ensure court fees are disbursed within 30 days of receipt.

Status

In Progress

The CMC disburses court surcharges and fees monthly. We noted the CMC disbursed March 2017 collections on April 1, 2017. The CMC Administrator is currently working with the state's Department of Revenue (DOR) and the State Treasurer regarding payment agreements for



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distributions the City of Wellston failed to make for municipal division activities and collections occurring between May 2015 and January 2017.

2.5 Accounting Controls
and Procedures -
Disbursement errors

The Court Clerk did not accurately report the amount of CVC and POST surcharges collected to the city due to programming errors in the case management system, resulting in underpayments to the state of approximately \$2,250 for certain surcharges.

Recommendation

The City of Wellston Municipal Division ensure CVC and POST monthly distributions are correct and work with the city to ensure additional amounts due are remitted to the state.

Status

In Progress

The CMC Administrator is working with the City of Wellston's former provider of court software (IMDS) to correct programming errors to identify any additional amounts that may be owed to the state for CVC and POST collections. Since CMC took over operations the monthly distributions have been accurate and timely.

3. Municipal Division
Procedures

Various municipal division procedures needed improvement.

3.1 Accrued costs

The Court Clerk did not periodically review accrued costs owed to the municipal division. The case management system tracked accrued costs and could produce a report of balances due; however, the Court Clerk did not print and review this report to identify cases needing additional collection efforts or that are potentially uncollectible.

Recommendation

The City of Wellston Municipal Division establish procedures to routinely generate and review the accrued costs list, and ensure proper follow up on amounts due, and provide information to and work with the Municipal Judge regarding amounts deemed uncollectible.

Status

In Progress

The Municipal Judge is currently in the process of reviewing case files to determine if fines should be waived or discharged upon completion of community service, or the case referred for other collection efforts. The Municipal Judge will request a blanket order to discharge other old cases. The CMC now utilizes the tax offset program through the DOR to collect unpaid fines and court costs.

3.2 Implementation of
Municipal Judge's court
order

The municipal division had not taken timely or appropriate actions to implement a court order issued by the Municipal Judge in 2015 and, as a result, the municipal division's caseload remained very high; the city was not able to collect monies owed timely; and the Municipal Judge's intent to



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change the practices of the court in response to Senate Bill 5 (effective August 28, 2015) had not been met.

Recommendation

The City of Wellston Municipal Division ensure proper and timely actions are taken to fully implement the court order issued by the Municipal Judge. The city should consider resources and procedures needed to efficiently implement the judge's order.

Status

In Progress

While the former judge's order is no longer valid due to the disbanding of the court, the current Municipal Judge intends to fully comply with the provisions of Senate Bill 5. As of April 2017, no defendants have been incarcerated and no warrants have been issued for failure to pay, and the CMC has no active warrants for City of Wellston defendants.

3.3 Dismissed cases

The municipal division regularly collected court costs, fees, and surcharges on dismissed cases, in violation of state law. In addition, the municipal division routinely entered dismissed upon payment of court costs for speed camera citations if a defendant appeared in court and requested dismissal by the Municipal Judge. Because division personnel did not enter these citations into the case management system the total number of these dismissed citations and the related revenues generated could not be determined.

Recommendation

The City of Wellston Municipal Division assess surcharges in accordance with state law.

Status

Implemented

The CMC does not assess or collect court costs, fees, and surcharges on dismissed cases.

3.4 Restricted funds

The city and the municipal division had little assurance that certain court surcharges were properly used in compliance with state law. The city did not establish a separate fund and/or accounting for monies collected for the domestic violence or biometric verification surcharge, was not accounting for the monies collected and expended, did not know what had been spent or the remaining balance, could not demonstrate that these monies were used for statutorily intended purposes, and did not properly authorize the biometric verification and law enforcement training surcharges.

Recommendation

The City of Wellston Municipal Division work with the city to ensure surcharges collected for restricted purposes are adequately tracked or deposited into separate bank accounts, and expended for statutorily allowed purposes. Also work with the city to establish an order or ordinance authorizing collection of the biometric verification surcharge and law enforcement training surcharge or discontinue collecting the surcharges.



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Additionally, if the surcharges are authorized, the city should create a separate Inmate Prisoner Detainee Security Fund and deposit all biometric verification surcharge monies into this fund as required by statute.

Status

Partially Implemented

The CMC is assessing and distributing the domestic violence, law enforcement training, and inmate prisoner detainee security (formerly referred to as biometric verification) surcharges. All monies are deposited into a single bank account, but the CMC is separately identifying and accounting for each fee's collections, disbursements, and balances. The domestic violence surcharge is remitted directly to a shelter, while the inmate prisoner detainee security and law enforcement training surcharges are remitted to the City of Wellston.

The CMC is working with the city to ensure the city's ordinances are up to date. As of April 2017, the City of Wellston still had not established ordinances authorizing collection of the inmate prisoner detainee security surcharge and the law enforcement training surcharge, though the City of St. Ann has such ordinances in place. In addition, the City of Wellston has not established a separate fund for the inmate prisoner detainee security surcharge as required by statute. The CMC Administrator is working to determine how much domestic violence surcharge was collected but not properly accounted for by the City of Wellston prior to January 2017, and any additional amounts due will be remitted to the shelter.

3.5 Ticket accountability

The city police department and the municipal division did not adequately account for the numerical sequence or ultimate disposition of all traffic tickets issued. Additionally, the municipal division had not established similar procedures to ensure ticket accountability for the policing cooperative.

Recommendation

The City of Wellston Municipal Division work with the police cooperative to ensure the numerical sequence of all tickets issued is accounted for and all tickets submitted to the municipal division are accounted for properly.

Status

Partially Implemented

The NCPC is implementing a fully integrated electronic ticketing system that will transmit all ticket data directly to the Prosecuting Attorney (PA) and the CMC via the JIS system. Currently, the NCPC provides the PA with ticket transmittal tracking forms when the original tickets are sent to the PA for processing. If the PA files charges, the tickets are forwarded on to the CMC for entry into the JIS. CMC personnel have implemented procedures to ensure that all tickets transmitted to the CMC from the PA are properly recorded in the JIS. The NCPC ticketing system properly accounts for all voided tickets. The City of Wellston's code enforcement officer still utilizes



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manual tickets and no changes have been implemented to ensure all manual tickets can be accounted for properly.

3.6 Municipal division records

Municipal division records were not maintained in an accurate, complete, and organized manner. The Court Clerk documented case information for each defendant on backer sheets kept in manual case files as well as computerized docket sheets maintained in the case management system. However, for 54 of 60 cases (90 percent) reviewed, case activity (court continuances, warrant, and/or bond activity) information did not agree between manual and electronic records.

Recommendation

The City of Wellston Municipal Division ensure the proper disposition of cases is documented in manual and electronic records and sufficient documentation is maintained to support all case actions.

Status

In Progress

The CMC's case records are organized, complete, and accurate. For cases prior to January 2017, the CMC is organizing the cases for review and/or destruction (if applicable). CMC personnel are knowledgeable of and committed to full compliance with state record retention requirements.

3.7 Case dispositions

The Municipal Judge did not approve the final disposition of cases brought before the court and did not review and approve traffic and ordinance violation tickets paid through the municipal Violation Bureau (VB). Additionally, the Municipal Judge's approval of amended or dismissed tickets was not documented.

Recommendation

The City of Wellston Municipal Division ensure the Municipal Judge signs all court dockets and reviews and approves all amended and dismissed tickets.

Status

Implemented

The current Municipal Judge reviews and approves every action including cases that are amended, dismissed, or paid through the Violation Bureau.

3.8 Prosecutor approval

The Prosecuting Attorney did not sign tickets processed by the municipal division.

Recommendation

The City of Wellston Municipal Division ensure the Prosecuting Attorney signs all tickets.

Status

Implemented

All tickets issued by the NCPC are sent to the PA for approval. Upon completion of his review, the PA signs the tickets and sends the tickets to



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the CMC for processing and filing of charges. If he declines prosecution, he retains the tickets for his records.

3.9 Fines and court costs

The municipal division did not always assess fines and court costs in accordance with the VB schedule, that showed the standard fines and court costs for violations payable through the VB prior to the court date. In addition, the Court Clerk did not ensure there was documentation to explain reasons for assessing other than standard fines and court costs.

Recommendation

The City of Wellston Municipal Division develop procedures to ensure fines and court costs assessed agree to the standard fines and court costs, plea agreement, or the Municipal Judge's orders. In addition, ensure changes to assessed fines and court costs contain a documented approval by the PA or the Municipal Judge and are properly posted to the case management system.

Status

Implemented

We selected 5 closed cases from 2017 paid through the VB and noted the fines and court costs were assessed in accordance with the VB schedule. For any deviations from the standard VB schedule, the Municipal Judge and/or the PA must approve changes to the assessed fines and court costs.

4. Monitoring of Excess Revenues

The municipal division did not have procedures in place to identify minor traffic violation tickets and the associated fines and court costs collected. This information was needed so that the city could accurately calculate whether the city had excess revenues due to the DOR. In addition, the city's procedures to calculate whether excess revenues were due to the DOR were not adequate to ensure compliance with state law.

While city officials calculated no excess revenues were due to the DOR for the fiscal year ended June 30, 2015, the calculation was inaccurate. They incorrectly included restricted revenues in the general operating revenue amount used in the calculation. The city did not prepare detailed financial statements and cannot provide adequate detail on revenue sources and amounts needed to properly calculate general operating revenues.

Recommendation

The City of Wellston Municipal Division implement a procedure to identify minor traffic violations and the related fines and costs, and work with the city to ensure the accuracy of annual excess revenues calculations. Additionally, the Wellston City Council should recalculate excess revenues for fiscal year 2015 and make payment to the DOR, if appropriate, for any excess revenues identified. Further, the city should maintain adequate documentation to support excess revenues calculations.



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Status	Partially Implemented
	The CMC provides the City of Wellston a bimonthly report from the JIS system that includes the amounts of fines and costs that are subject to the excess revenues calculation. However, city officials have not determined if the city received excess revenues for fiscal year ended June 30, 2016, and have not recalculated excess revenues for fiscal year 2015.
5.2 Records and Reporting - OSCA reports	The Court Clerk did not submit accurate monthly reports of municipal division activity to the Office of the State Courts Administrator (OSCA).
Recommendation	The City of Wellston Municipal Division establish procedures to ensure the accuracy of monthly Municipal Division Summary Reporting forms.
Status	Implemented
	Separate monthly reporting is no longer required because the CMC is utilizing the JIS which automatically transmits the required data to the OSCA.
5.3 Records and Reporting - Report of cases heard	The Court Clerk did not file a monthly report of cases heard with the city.
Recommendation	The City of Wellston Municipal Division ensure a monthly report of cases heard in the municipal division is prepared and filed with the city in accordance with state law and Supreme Court Operating Rule.
Status	Implemented
	The CMC provides the monthly case load summary report to the city as required by Missouri Supreme Court Operating Rule and state law.
5.4 Records and Reporting - Missing records	Some case records could not be located. Twenty-two case files requested by auditors could not be located.
Recommendation	The City of Wellston Municipal Division ensure financial records are retained in accordance with court operating rules.
Status	Implemented
	The CMC's files are organized and records are being retained in accordance with state record retention requirements. The city continued to employ the former court clerk until April 2017 to assist with locating and organizing older case files. In the near future, the Municipal Judge intends to issue an order to destroy old case files that have had warrants recalled and/or have insufficient information to allow the court to proceed with collections.