



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**Fourth Judicial Circuit  
Gentry County**



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Fourth Judicial Circuit - Gentry County

### Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures. The Circuit Clerk does not review and approve voided transactions, non-monetary transactions, and adjustments in the Judicial Information System (JIS). The Circuit Clerk does not account for the numerical sequence of all receipt numbers assigned by the JIS. The court's administrative plan for the collection of court debt does not address all elements required by court operating rules and payment plans have not been established on some applicable cases. Time payment fees were also not assessed on some cases as required by court operating rules.

In the areas audited, the overall performance of this entity was **Good**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

Presiding Judge and Court en Banc  
and  
Circuit Clerk of the  
Fourth Judicial Circuit  
Gentry County, Missouri

We have audited certain operations of the Fourth Judicial Circuit, Gentry County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

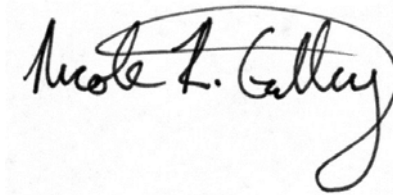
1. Evaluate the court's internal controls over significant financial functions.
2. Evaluate the court's compliance with certain legal provisions.
3. Evaluate the court's compliance with certain court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Gentry County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Fourth Judicial Circuit, Gentry County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Heather R. Stiles, MBA, CPA, CFE
In-Charge Auditor:	Rex Murdock, M.S.Acct.
Audit Staff:	Alex Bruner, MBA Michelle Pummill

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Management Advisory Report - State Auditor's Findings

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**1. Accounting  
Controls and  
Procedures**

We identified significant weaknesses with accounting controls and procedures.

Court records indicate receipts collected during the year ended December 31, 2016, totaled approximately \$255,000. Fines, bonds, garnishments, court costs, and other receipts are collected; recorded in the Judicial Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's primary bank account by the Associate Circuit Judge of the Circuit Court.

**1.1 Voided, non-monetary,  
and adjustment  
transactions**

The Circuit Clerk does not review and approve voided transactions, non-monetary transactions, and adjustments in the JIS. Non-monetary transactions, including judicial orders, garnishments, and application of bonds, are transactions where no monies are received; however, a credit is applied to the account balances or the amount due is changed. Adjustment transactions include the reduction or non-assessment of fines and court costs due to the correction of errors in the assessment of court costs, reallocation of costs for state reimbursement, and removal of court costs when cases are dismissed.

Deputy court clerks, as well as the Circuit Clerk, are allowed to enter voided transactions, non-monetary transactions, and adjustments in the JIS. Such transactions should be reviewed by a supervisor; however, these reviews are not always performed. For example, two of the five voided transactions reviewed were initiated and voided by the same deputy court clerk without a documented supervisory review. In addition, our review of 42 non-monetary transactions and adjustments performed by a deputy court clerk identified 41 were performed without a documented supervisory review. Cashier reports reviewed by court personnel do not include all voided and nonmonetary transactions or adjustments entered into JIS.

An independent and/or supervisory review and approval of voided and non-monetary transactions and adjustments is necessary to help ensure such transactions are appropriate and reduce the risk of loss, theft, or misuse of funds.

**1.2 Numerical sequence of  
receipt numbers**

The Circuit Clerk does not account for the numerical sequence of all receipt numbers assigned by the JIS. Sequential receipt numbers are assigned by the JIS for all monetary, non-monetary, and voided transactions. The Circuit Clerk does not generate reports to ensure the numerical sequence of receipt numbers issued are accounted for and all collections are properly deposited. A separate report available from the JIS could be used by the Circuit Clerk to monitor all transactions entered by court personnel, including monetary, non-monetary, and voided transactions as discussed in section 1.1.



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To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of receipt numbers issued should be reviewed to ensure all receipt numbers are accounted for.

### 1.3 Accrued case costs

The Fourth Judicial Circuit Court en Banc's administrative plan for the collection of court debt (administrative plan) does not address all elements required by court operating rules. In addition, the Circuit Clerk and the court have not established payment plans for all amounts not paid in full at case disposition and do not consistently assess time payment fees on all cases not paid in full within 30 days of disposition. Accrued costs as of April 25, 2017, totaled approximately \$525,000.

- The court's administrative plan does not require the court to periodically review and write off accounts receivable (accrued costs) deemed uncollectible as required by Missouri Supreme Court Operating Rule (COR) 21.11. Additionally, the administrative plan does not document the specific criteria to be used by the court to determine whether a debt is uncollectible or provide any guidance on which cases may require further action. The Circuit Clerk indicated no amounts have been deemed uncollectible and written off by court order.
- The court has not established payment plans in the JIS for all amounts not paid in full at case disposition as required by COR 21.07. As of April 25, 2017, 416 cases with balances due totaling approximately \$283,000 were not associated with payment plans. The Circuit Clerk indicated the court did not require payment plans be established on cases disposed of prior to January 1, 2012, when the COR rule and administrative plan became effective.
- The time payment fee was not assessed as required by COR 21.13 for 16 of 29 cases reviewed with a disposition date occurring after January 1, 2012.

To ensure the accuracy of the accrued case costs, and to provide the Circuit Clerk with the necessary information to ensure amounts owed are collected and make a determination about collectability, accrued case costs should be reviewed at least annually and accounts deemed uncollectible should be written off by court order. COR 21.07 requires the court to create payment plans in the JIS for all amounts not paid in full at case disposition. In addition, COR 21.13 requires all divisions of the circuit courts, except municipal divisions, to assess a \$25 time payment fee on all cases not paid in full within 30 days of disposition. Failure to follow these rules could result in lost revenue and in loss, theft, or misuse of funds.



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## Recommendations

The Circuit Clerk:

- 1.1 Require an independent and/or supervisory review and approval of all voided and non-monetary transactions and adjustments made in the JIS.
- 1.2 Ensure the numerical sequence of receipt numbers is accounted for.
- 1.3 Work with the Circuit Court en Banc to develop specific criteria to be used in determining whether a debt is uncollectible and write-off amounts deemed uncollectible by court order. In addition, the Circuit Clerk should ensure payment plans are established in the JIS and time payment fees are assessed in accordance with court operating rules.

## Auditee's Response

- 1.1 *The Circuit Clerk will contact the Office of State Courts Administrator to ensure non-monetary adjustments and voided transaction reports are prepared monthly. The Circuit Clerk and the Associate Judge will perform a review of the non-monetary adjustments and voided transaction reports to ensure non-monetary adjustments and voided transactions are reasonable.*
- 1.2 *The Circuit Clerk will account for the numerical sequence of receipt numbers.*
- 1.3 *The Fourth Judicial Circuit Court en Banc is working on revising a plan for the collection of court debt. The court has begun working to establish payment plans and assessing time payment fees when applicable.*



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# Fourth Judicial Circuit

## Gentry County

### Organization and Statistical Information

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The Fourth Judicial Circuit consists of Gentry County as well as Atchison, Holt, Nodaway, and Worth counties.

The Fourth Judicial Circuit consists of 1 circuit judge and 5 associate circuit judges. The circuit judge hears cases in all counties in the circuit. One associate circuit judge is located in each county in the circuit. Circuit personnel located in Atchison, Holt, Nodaway, and Worth counties are not included in the scope of the audit.

#### Personnel

At December 31, 2016, the judges and Circuit Clerk of the Fourth Judicial Circuit, Gentry County, were as follows:

Title	Name
Circuit Judge	Roger M. Prokes
Associate Circuit Judge	Edward Manring
Circuit Clerk	Janet Parsons

In addition, the Fourth Judicial Circuit, Gentry County, employed 1 full-time employee and 2 part-time employees on December 31, 2016.

#### Financial Information

Receipts of the Fourth Judicial Circuit, Gentry County, were as follows:

	Year Ended December 31, 2016
Court deposits, fees, bonds, and other	\$255,226
Interest income	23
<b>Total</b>	<b>\$255,249</b>

#### Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Fourth Judicial Circuit, Gentry County, were as follows:

	Year Ended June 30, 2016
Civil	269
Criminal	402
Juvenile	27
Probate	51
<b>Total</b>	<b>749</b>