



Claire McCaskill

Missouri State Auditor

December 2006

Twenty-First Judicial Circuit

City of Bella Villa,
Missouri
Municipal Division



Office Of
Missouri State Auditor
Claire McCaskill

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During our audit of the Twenty-First Judicial Circuit, City of Bella Villa, Missouri, Municipal Division, we identified the following problems.

During our audit of the Twenty-First Judicial Circuit, City of Bella Villa, Missouri, Municipal Division, we found monthly listings of open items (liabilities) had not been prepared since April 2006, at which time the listing was approximately \$3,443 more than the reconciled bank balance. At our request, the court generated an open items listing as of June 30, 2006, and we found the reconciled bank balance exceeded the open items listing by \$63,364.

We also noted the court held approximately \$4,600 in bonds older than one year. Also, adjustments made to bond amounts are not properly authorized or adequately documented. Of the 30 bonds reviewed, four bonds collected were for more than the court ordered amount and 15 were for less than the established amount.

A complete listing of accrued costs owed to the court is not maintained by the Municipal Division. A comparison of the court docket, case file, and computer file for 10 cases indicated several concerns, which the Court Administrator indicated were due to computer problems the court has been experiencing since July 2006. In addition, monies received are not transmitted to the city in a timely manner, averaging one transmittal every 13 days.

Neither the police department nor the Municipal Division have adequate procedures to account for the numerical sequence of traffic tickets and arrest notifications issued. Additionally, the court could not locate 13 of 55 case files requested, and did not properly report some required traffic offenses to the Missouri Department of Revenue.

The audit also includes recommendations related to computer controls and the violations bureau.

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YELLOW SHEET

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS	4-11
<u>Number</u>	<u>Description</u>
1.	Bond Account5
2.	Accounting Controls7
3.	Ticket Accountability8
4.	Computer Controls10
5.	Violations Bureau11
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	12-14

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Twenty First Judicial Circuit
and
Municipal Judge
Bella Villa, Missouri

We have audited certain operations of the city of Bella Villa Municipal Division of the Twenty First Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the 2 years ended June 30, 2006. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Bella Villa Municipal Division of the Twenty First Judicial Circuit.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

October 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Debra S. Lewis, CPA
In-Charge Auditor: Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Bond Account

- A. Monthly listings of open items (liabilities) have not been prepared since April 2006, and have not been reconciled with the bond account's balance since June 2005. The April 2006 listing, which was prepared manually by the former Court Administrator, was approximately \$3,443 more than the reconciled bank balance. At our request, the Court Administrator generated an open items listing as of June 30, 2006, from the court's computer system. The reconciled bank balance exceeded the open items listing by \$63,364 as of June 30, 2006. The Court Administrator indicated that problems with the court's computer system and some lost receipt data have caused this difference.

In addition, the court has not established procedures to follow up on undistributed bonds. As of June 30, 2006, the court held approximately \$4,600 in bonds older than one year. Four of these bonds, totaling \$1,050, were for closed cases and should have been refunded to the defendant.

A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of monies held in the bond escrow account. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law. The Municipal Division should ensure bond monies are properly distributed in a timely manner to the city, state, or other third parties.

- B. In March 2006, a disbursement for \$100 was made from the bond escrow account for repairs to the city's heating and air conditioning system. The city could not locate supporting documentation for this disbursement. Bond monies represent restricted monies and should be accounted for separately and should not be used to pay for general operating expenses of the city.
- C. Adjustments made to bond amounts are not properly authorized or adequately documented. Bond amounts for each offense are established by the Municipal Judge in a court order. The majority of bonds are collected by the police department. Of the 30 bonds reviewed, four of the bonds collected were for more and 15 were for less than the court ordered amount. Police department personnel indicated that when a defendant does not have access to sufficient funds, they contact the Municipal Judge for authorization to accept a lesser bond amount;

however, the Judge's approval is not documented. No one at the court or the city could determine why larger amounts would have been collected for bonds.

Proper approval/authorization and adequate documentation which fully explains the reason for bond amount adjustments are necessary to ensure bond receipts are properly collected, recorded, and transmitted to the court, and to reduce the risk of misstatement or misappropriation.

WE RECOMMEND the Municipal Division:

- A. Prepare a monthly open items listing and reconcile it to the amount held in the bond escrow account. In addition, the Municipal Division should determine the disposition of the remaining unidentified amounts held in the account and review the bonds listed to ensure they are for current open cases. The Municipal Division should also work with the city to ensure any unclaimed bond monies are disposed of in accordance with state law.
- B. Ensure bond monies are accounted for separately and only disbursements to the bond owners or the Municipal Division are paid from the bond escrow account. In addition, the court should request the city reimburse the bond account for the amount disbursed for general operating expenses.
- C. Work with the police department to ensure proper approval/authorization is obtained and documented for adjustments to bond amounts.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *During the course of the audit, a list of open items as of April, 2006 was provided by the former court administrator which had been previously unavailable. This list will be utilized by the current court administrator to bring the list of open items forward and current. Unclaimed bonds will be disposed of in accordance with state law.*
- B. *The city has reimbursed the bond account \$100 out of general revenue. The court has instructed that bond monies are never to be utilized for any city expense in the future.*
- C. *The court established new bonding procedures effective August 1, 2006. The police department has been instructed that no bonds in excess of the schedule set by the court are to be accepted under any circumstances. Procedures for acceptance of bonds less than the amount set by the court's bond schedule will be implemented.*

A. A complete listing of accrued costs owed to the court is not maintained by the Municipal Division. All current cases with balances due are included on the court docket, which shows the total accrued costs and any payments collected from the defendant for each case. If the defendant does not appear in court or make the scheduled payments, a warrant is issued for their arrest and the balance is no longer included on the court docket. In addition, accrued costs and payments are also reflected on the jacket of the case file and on the court's computer system. A comparison of the court docket, case file, and computer file for 10 cases indicated the following concerns:

- For one case, the court docket did not include a failure to appear charge and mistakenly included a ticket which had been dropped from further processing on a previous court date. As a result, the total due according to the docket was not correct.
- The amount due noted on two case files did not reflect the correct amount due. One case file contained mathematical errors and another case file had not been updated to include the last payment received.
- One case file did not have costs and payments received recorded for two of the three tickets processed.

The Court Administrator indicated these errors were due to computer problems they have been experiencing since July 2006. The court is currently in the process of purchasing new software and computers.

A complete and accurate accrued cost listing would allow the court to more easily review the amounts owed to the court, and take the appropriate steps to ensure all amounts owed are collected on a timely basis.

B. Monies received are not transmitted intact to the city in a timely manner. Transmittals during the two years ended June 30, 2006, were made approximately every 13 days and averaged \$12,400. In addition, the Court Administrator withholds varying amounts from the deposit to make change. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt. Transmittals should be made intact and on a timely basis. Transmittals should be more frequent if significant amounts of cash are collected. If a change fund is determined to be necessary, it should be maintained at a constant amount.

- C. Bond forms used by the police department and the Municipal Division are not prenumbered. Bond forms are manually assigned the receipt slip number as they are issued. In addition, bond receipt slips are not reconciled with deposits or the court receipt reports. To ensure adequate control and accounting for bond forms, these forms should be prenumbered, accounted for numerically, and reconciled with the monies deposited.

WE RECOMMEND the Municipal Division:

- A. Ensure an accurate listing of accrued costs is prepared, and establish procedures to monitor accrued costs.
- B. Transmit court collections to the city intact and on a more timely basis. In addition, change funds need to be established from city monies and maintained at a constant amount.
- C. Utilize a prenumbered bond form, account for the numerical sequence of forms issued, and reconcile the receipt slips issued to deposits.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *A system to ensure a listing of accrued costs will be implemented in conjunction with computer updating.*
- B. *Court collections shall be transmitted to the city at least twice weekly. Recommendations regarding change funds have been implemented.*
- C. *Pre-numbered bond forms will be utilized in sequence in all future bonding procedures.*

3. Ticket Accountability

- A. Neither the police department nor the Municipal Division have adequate procedures to account for the numerical sequence of traffic tickets and “arrest notifications” issued. A log is maintained by the police department of traffic tickets issued; however, the log is not in sequential order and pertinent information, such as the date issued and the defendants' personal identification information is not documented. In addition, the police department does not retain a copy of tickets issued. The Court Administrator posts traffic tickets issued to the court’s computer system; however, a sequential listing of tickets issued can not be generated.

Arrest notifications are also issued for non-traffic violations by the city's Health and Sanitation Commissioner. The form used has a pre-printed sequential number; however, this number is not posted to the court's system.

Without a proper accounting of the numerical sequence, the municipal division cannot be assured that all tickets and arrest notifications issued are properly submitted to the court for processing.

- B. The court could not locate 13 of 55 case files requested. The Missouri Supreme Court Operating Rule 8 requires municipal divisions to retain all case file records, including ticket logs and copies of tickets issued. Retention of municipal records is essential to establishing accountability of municipal division activity and in demonstrating compliance with state law. Effective control of records requires all documents and records to be safeguarded against loss, be accessible to the appropriate municipal division employees, and upon reasonable request, be accessible to the public.
- C. Our review of traffic tickets noted the court did not properly report 3 of 4 traffic offenses tested that were required to be reported to the Missouri Department of Revenue (DOR). Section 302.225, RSMo requires that records of any pleas or findings of guilty on traffic violations under the laws of the state, county or municipal ordinance to be reported to the DOR within seven days of the conviction date.

WE RECOMMEND the Municipal Division:

- A. Work with the police department and the city to ensure the numerical sequence of all tickets and arrest notifications can be accounted for properly.
- B. Ensure case file information is properly retained. In addition, the police department should be requested to retain a copy of all tickets issued.
- C. Ensure all required traffic offenses are reported to the DOR in accordance with state law.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *The city administration will direct the police department to ensure that procedures be implemented to ensure the numerical sequence of all tickets and arrest notifications can be accounted for.*
- B. *The location of files requested during the audit was partially due to the transition of court administration. Systems are currently being upgraded and replaced to ensure proper case file information can be retained.*

- C. *The court has taken substantial steps to ensure all required traffic offenses are reported to the Department of Revenue.*

4. Computer Controls

- A. Passwords and user identification codes (ID's) are not used to restrict access to the court's computer files. Anyone who uses the computer has access to the court data files.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals through the use of passwords. A password should be assigned to each user of the system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. The court has not performed a system backup of the court data files on a regular basis. Court personnel indicated they have been unable to copy court data files to a backup disk due to problems with the computer system.

Preparation of backup disks, preferably on a daily basis or at least weekly, along with off-site storage, would provide increased assurance that methods are available to restore any lost data.

WE RECOMMEND the Municipal Division:

- A. Utilize computer passwords and IDs to help prevent access to court records by unauthorized users. In addition, computer passwords and ID's need to be unique to each user and should be kept confidential.
- B. Prepare backup disks and ensure that such disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *Implemented. All computers are now accessible only with passwords and IDs.*
- B. *Implemented. All files are now downloaded to a server and stored offsite.*

5.**Violations Bureau**

- A. The municipal division does not include all fines which can be collected at the Violations Bureau (VB) on the posted schedule of fines and costs. There are approximately 50 additional offenses currently allowed to be paid at the VB, that are not listed on the posted schedule of fines and costs. Section 479.050 and Supreme Court Rule No 37.49 require a schedule which designates the offenses within the authority of the VB clerk, and the amount of fines and costs to be imposed for each offense to be posted at the VB.
- B. The fine assessed for improper vehicle license is not consistent with the city ordinance 375. The ordinance allows a \$30 fine; however, the VB assesses and collects \$45. The municipal division should establish and collect the proper fines in accordance with city ordinance.

WE RECOMMEND the Municipal Division:

- A. Ensure the posted schedule of fines and costs includes all offenses within the authority of the VB clerk.
- B. Ensure the fines charged and collected at the VB are in accordance with the city ordinance.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *In August 2006, the court requested the city's administration restructure the municipal violations bureau and the matter is now under consideration.*
- B. *VB violations will be collected in accordance with those fines established by city ordinance.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Bella Villa Municipal Division is one of eighty-six municipal divisions within the Twenty First Judicial Circuit, which consists of St. Louis County. The Honorable Carolyn Whittington serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The court is responsible for recording transactions as well as handling the daily collections. The City Clerk is responsible for handling monthly disbursements to other agencies and third parties. Fines and costs are collected by the court and transmitted to the city each week for deposit into the city treasury. The Court Administrator and the Bella Villa Police Department collect bond monies for the city of Bella Villa. Bond monies are picked up from the police department by a court employee at the end of each week. All bond monies are transmitted to the city for deposit into a bond escrow account. Court is held on the second Wednesday of each month. A violations bureau has been established by court order to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William Buchholz, II (1)
Court Administrator	Kathy Hughes (2)

(1) Nicholas Riggio served as Municipal Judge from September 2005 to April 2006, John F. Newsham served as Municipal Judge from January 2005 to June 2005, and Paul D'Agrosa served as Municipal Judge prior to December 2004.

(2) Roseanne Behrman served as Court Administrator prior to May 31, 2006.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
Receipts	\$377,970	372,977
Number of cases filed	5,620	4,406