



Susan Montee, JD, CPA  
Missouri State Auditor

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# Twenty-First Judicial Circuit

## City of University City Municipal Division

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May 2010

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**Susan Montee, JD, CPA**  
Missouri State Auditor

# YELLOW SHEET

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## Findings in the audit of the Twenty-First Judicial Circuit, City of University City Municipal Division

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### Records and Procedures

Neither the Police Department nor the municipal division has developed adequate procedures to account for the numerical sequence of tickets or bond forms issued. In addition, a monthly list of bond liabilities is not prepared and reconciled to bonds held in the city's bank account. At our request, the Court Administrator printed an open bonds report as of June 30, 2009. This report identified total liabilities of \$26,693 more than the cash balance of bonds in the city's accounting records.

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### Cash Controls

Procedures have not been established to properly document, investigate, and resolve daily cash overages and shortages. In addition, municipal division receipts and Police Department bond monies are not always deposited in a timely manner.

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# Twenty-First Judicial Circuit

## City of University City Municipal Division

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**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

Presiding Judge  
Twenty-First Judicial Circuit  
and  
Municipal Judge  
University City, Missouri

We have audited certain operations of the City of University City Municipal Division of the Twenty-First Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2009. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions such as receipts.
2. Evaluate the municipal division's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, 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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 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. 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 municipal division's management and was not subjected to the procedures applied in our audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of University City Municipal Division of the Twenty-First Judicial Circuit.

A petition audit of the City of University City, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Robyn Vogt, M.Acct.

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# Twenty-First Judicial Circuit

## City of University City Municipal Division

### Management Advisory Report - State Auditor's Findings

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#### **1. Records and Procedures**

Improvements are needed in the procedures related to accountability over tickets and bonds, as well as reconciliations of liabilities.

##### **1.1 Ticket and bond accountability**

Neither the Police Department nor the municipal division has developed adequate procedures to account for the numerical sequence of tickets or bond forms issued.

The Police Department maintains records to track ticket numbers assigned to each officer. In addition, traffic and parking tickets issued are recorded in the Police Department computer systems, while non-traffic tickets are recorded by municipal division personnel. However, these systems are not periodically reviewed for gaps in ticket sequence or missing tickets.

In addition, prenumbered bond forms are issued by the Police Department; however, the numerical sequence of the bond forms is not accounted for properly and significant gaps in the bond numbers indicate the bond forms are not issued in order.

Without properly accounting for the numerical sequence of tickets and bond forms, the Police Department and municipal division cannot be assured that all tickets and bond forms issued are properly submitted to the municipal division for processing.

##### **1.2 Liabilities**

A monthly list of bond liabilities is not prepared and reconciled to bonds held in the city's bank account.

The municipal division and Police Department do not maintain their own bank accounts, but instead transmit monies to the city's Finance Department for deposit. At our request, the Court Administrator printed an open bonds report as of June 30, 2009. This report identified total liabilities of \$26,693 more than the cash balance of bonds in the city's accounting records.

A review of ten bonds included on the open bonds report identified numerous older bonds which had been disposed of prior to June 30, 2009. However, the dispositions of these bonds were not properly recorded in the municipal division's computer system, thereby contributing to the difference in liabilities.

A monthly list of liabilities should be prepared and reviewed to ensure all bond dispositions have been properly recorded. In addition, monthly reconciliations between the open bonds recorded in the municipal division's computer system and the bonds held in the city's bank account are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. Such reconciliations would allow for prompt detection of errors.



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## Recommendations

The City of University City Municipal Division:

- 1.1 Along with the Police Department, develop a method of accounting for the numerical sequence of all tickets and bond forms issued.
- 1.2 Review the open bonds report and ensure all bond dispositions have been properly recorded. In addition, the municipal division should prepare a monthly list of liabilities and reconcile the list with the city's bond balance. Any unidentified differences should be investigated.

## Auditee's Response

*The city provided the following written responses:*

- 1.1 *The Police Department has established a log with pre-numbered bond forms. Bond forms will be dispensed from a centralized location to the officers for completion and insertion into the numerical Bond Log. Officers will be required to complete the log which will also be approved by a supervisor. All bond forms will be accounted for regardless if voided or destroyed. The Police Bureau of Services staff will reconcile the log weekly for accuracy. All missing forms will be accounted for during the weekly audit.*

*Every ticket in the Police Department will be accounted for, including voided tickets. A list of tickets is issued to each officer and this data will be stored in a database which will identify each officer and tickets assigned. The numbers will be reconciled to include disposition of all tickets issued, voided, or destroyed. This list will be tracked monthly by Police Bureau of Services staff, which will communicate and investigate any discrepancies in ticket counts. For tickets already assigned to officers, the department is conducting an up-to-date inventory of all unwritten ticket numbers held by each officer and appropriate accounting will be required. Any missing tickets will be investigated and resolved. The auditors did not identify any concerns about specific tickets or bond forms.*

- 1.2 *The Municipal Court Division is in the process of updating their docketing system for all bonds currently recorded as outstanding to determine the appropriate disposition of each bond. Staff are working to record the completion of the bond process on each individual case, or to verify that an active bond is still justified. At the same time, the Finance Department is reviewing all bond receipts and distributions in the City's financial system. When both departments are complete, the outstanding items will be investigated and a final bond amount outstanding, by case, will be recorded in each system. In the future this reconciliation will be performed monthly and any differences will be investigated. The auditors did not identify any missing funds.*



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## 2. Cash Controls

Improvements are needed regarding the collection and transmittal of municipal division receipts and bond monies.

### 2.1 Change funds

Procedures have not been established to properly document, investigate, and resolve daily cash overages and shortages. The Court Administrator and the three court clerks reconcile their individual cash drawers to daily receipt reports. Any overage or shortage is absorbed by the change funds maintained in each cash drawer. The Court Administrator indicated each change fund should be approximately \$50. Cash counts performed on February 2, 2010, found change fund overages of \$12, \$6, \$2, and \$1 in the four cash drawers. No documentation of daily overages/shortages is maintained to determine if there is a pattern which should be investigated.

To ensure all receipts are accounted for properly and deposited the municipal division should adopt procedures to ensure significant and patterned differences between recorded receipts and amounts transmitted (overages/shortages) are properly documented, investigated, and resolved. In addition, the change funds should be maintained at a constant amount and the overages/shortages should be reflected in the amounts transmitted.

### 2.2 Receipt and bond deposits

Municipal division receipts and Police Department bond monies are not always deposited in a timely manner.

Our review of municipal division receipts transmitted to the city for one month identified several instances when multiple days of municipal division receipts were deposited at one time. In some instances, municipal division receipts were deposited a week after the receipts were collected. Other instances were noted in which some transmittals were deposited before transmittals from previous days. While the city records the date transmittals are verified, neither the municipal division nor the city documents the date the transmittals are actually made; therefore, it is unclear if the timing of deposits was due to the municipal division not transmitting receipts timely or the city not depositing the municipal division receipts as part of the daily deposits.

In addition, during our review of bond monies transmitted by the Police Department to the city's Finance Department, we noted only two transmittals were made during the month reviewed, which included 23 bonds, totaling \$4,456.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be transmitted in a timely manner, recorded immediately upon receipt by the city, and deposited timely.





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## Recommendations

The City of University City Municipal Division:

- 2.1 Establish procedures to ensure daily overages and shortages are properly documented, investigated, and resolved. In addition, the municipal division should ensure the change funds remain at constant amounts and any overages/shortages are reflected in amounts transmitted.
- 2.2 Along with the city's Finance Department and Police Department, ensure all municipal division receipts and bond monies are transmitted timely, recorded immediately upon receipt by the city, and deposited timely.

## Auditee's Response

*The city provided the following written responses:*

- 2.1 *The Finance Department has established an overage and shortage account in the Municipal division accounts to be used when the recorded receipts and the amount to be transmitted differ and change funds will no longer be used for this purpose. When an overage or shortage of funds is found on a particular clerk's deposit, the difference will be charged to this account. The Court Administrator and the Finance Department will track the daily recorded amounts to determine if there is a pattern which should be investigated and resolved. No missing funds were identified.*
- 2.2 *Bonds received in the Police Department will be remitted to the Finance Department at least twice weekly, and more often if necessary depending on the volume.*

*The Municipal Division will bring receipts daily to the Finance Department for deposit, along with a transmittal form. The Finance Department will stamp the receipt date on the form and will deposit those funds on a daily basis. The auditors did not have concerns about moneys not being deposited, but only about a delay in deposit.*

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# Twenty-First Judicial Circuit

## City of University City Municipal Division

### Organization and Statistical Information

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The City of University City Municipal Division is in the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable John A. Ross 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 in which fines and costs are collected at times other than during court and transmitted to the city treasury.

#### Personnel

At June 30, 2009, the municipal division employees were as follows:

Title	Name
Municipal Judge	Frank Hankin
Court Administrator	Kathy Matthews
Court Clerk	LaFondia Cherry
Court Clerk	Jessica Sloan-McCoy
Court Clerk	Kristine Hunt

#### Financial and Caseload Information

	Year Ended June 30, 2009
Receipts	\$976,511
Number of cases filed	23,185