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Missouri State Auditor

Twelfth Judicial Circuit

City of Warrenton Municipal Division

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Twelfth Judicial Circuit, City of Warrenton Municipal Division

Municipal Procedures

A total of \$1,977 in court receipts were not accounted for accurately or properly distributed. Prior to October 2012, when audit staff brought it to the city's attention, the municipal division accounting program allowed clerks to post corrections of prior period transactions in the prior period accounting records, and, as a result, any transactions corrected were not reflected in the current period records and were not distributed. In addition, instead of increasing the court costs assessed to include the \$2 domestic violence fee, the Court Clerk distributed \$2 of the fine amount collected to the local domestic violence shelter, so between July 2011 and September 2012, fines paid to the city were reduced by \$6,426.

Tickets

The Court Clerk has the ability to amend tickets without evidence of approval by the Prosecuting Attorney, which is a significant control weakness and increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse of monies going undetected. Additionally, the Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly, making it difficult to ensure all tickets are accounted for properly.

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

American Recovery and Reinvestment Act (Federal Stimulus)

The Twelfth Judicial Circuit, City of Warrenton Municipal Division did not receive any federal stimulus monies during the audited time period.

*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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Twelfth Judicial Circuit

City of Warrenton Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Twelfth Judicial Circuit
and
Municipal Judge
City of Warrenton, Missouri

We have audited certain operations of the City of Warrenton Municipal Division of the Twelfth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2012. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
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. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 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 municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Warrenton Municipal Division of the Twelfth Judicial Circuit.

A petition audit of the City of Warrenton, 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.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Twelfth Judicial Circuit

City of Warrenton Municipal Division

Management Advisory Report - State Auditor's Findings

1. Municipal Procedures

Procedures related to distributing court costs and preparing reports are in need of improvement. According to municipal division records, approximately \$650,700 in fines, court costs, and bonds forfeited were collected by the municipal division during the year ended June 30, 2012. Monies collected on behalf of the municipal division are deposited into the city's general account.

1.1 Distributions

A significant weakness existed in the municipal division accounting program which resulted in court receipts of \$1,977 not accounted for accurately or properly distributed.

Prior to October 2012, the municipal division accounting program allowed clerks to post corrections of prior period transactions in the prior period accounting records rather than requiring the correction be posted in the current period. As a result, any transactions corrected were not reflected in the current period records and were not distributed. Any undistributed amounts remained in the city's bank account.

When we brought this prior period correction issue to the city's attention in October 2012, revised monthly Municipal Division Summary Reporting forms for November 2010 through September 2012 were generated and compared to original reports submitted to the Office of State Courts Administrator (OSCA) for this timeframe. Based on this analysis, a total of \$2,954 received had not been accounted for accurately or properly distributed. The city subsequently performed a detailed review of the improperly recorded transactions and determined the actual amount of the discrepancy to be \$1,977. In addition, the untimely posting of these transactions to the accounting system resulted in inaccurate monthly reports to the OSCA of amounts distributed to state and city funds.

The city has taken action to ensure any future adjustments to prior period items are made and distributed in the current period and have appropriately accounted for and distributed the \$1,977 to the appropriate entities, the majority of which went to city funds. Reconciling the amounts received and deposited to the activity posted to the accounting system would help ensure all monies collected are distributed and reported appropriately and all reports accurately reflect the activity of the court.

1.2 Domestic violence fee

A domestic violence fee was not collected in accordance with state law or municipal code. In June 2011, the municipal code was amended to increase court costs by adding a \$2 domestic violence fee to all court cases, except for cases dismissed. However, the Court Clerk did not increase the court costs assessed to include this fee. Instead, in cases where a fine was ordered, \$2 of the fine amount collected was distributed to the local domestic violence shelter to satisfy the domestic violence fee requirement. Between July 2011 and September 2012, \$6,426 was distributed to the domestic



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violence shelter from city fine collections. As a result, fines paid to the city were reduced by \$6,426.

Section 488.607, RSMo, and Section 135.220(8) of Warrenton Municipal Code, authorizes this \$2 surcharge be collected on all court cases for violations of municipal ordinances, except for cases dismissed by the court.

Recommendations

The City of Warrenton Municipal Division:

- 1.1 Discontinue making adjustments to prior periods and reconcile amounts received to amounts posted to the computer system and distributed.
- 1.2 Increase court costs for the \$2 domestic violence fee and distribute court costs and fees in accordance with state law and municipal code.

Auditee's Response

The Municipal Judge provided the following written responses:

- 1.1 *As the Auditor points out, upon the discovery that the court's software was defective in posting of prior payment corrections, a procedure was immediately initiated by the city requiring prior written approval by the city's Finance Manager for any and all payment corrections. Under the court's new policy, posting journals are approved by the city's Finance Manager after the corrections have been made in order to verify that the transactions are properly recorded and the payment distribution report generated from the court software is reconciled to the payment report generated by the cashier. The court's new policy assures that any discrepancies are identified prior to submitting the OSCA report to ensure that it is accurate.*

In January 2013, distributions totaling \$154 were made to the appropriate entities and the remainder of \$1,823, representing the city portion of the \$1,977, discrepancy was redistributed to the correct general ledger revenue accounts.

- 1.2 *When the \$2.00 surcharge for domestic violence shelters was added to the court costs by ordinance, the fine violation bureau schedule was not correctly posted to reflect the additional costs. During this time period the local domestic violence shelter was still paid \$2.00 on every case disposition pursuant to the city's ordinance, however those monies were paid from city funds and not collected from defendants as additional court costs as nominally authorized by the ordinance. The fine violation bureau schedule has been updated and posted and will be reviewed quarterly by the Municipal Judge and the city's Finance Manager.*



2. Tickets

Procedures over ticket disposition and ticket accountability need improvement.

2.1 Ticket disposition

Evidence does not always exist to document the City Prosecuting Attorney's approval of amended or dismissed traffic tickets.

The Court Clerk is allowed to amend simple speeding violations to non-moving violations and to nolle pros (dismiss) traffic violations issued for no proof of insurance if the defendant provides proof of insurance. While municipal division procedures indicate the Prosecuting Attorney is to initial the case jacket indicating his approval, no approval was documented for eight of ten amended tickets reviewed. In addition, according to Police Department records, three tickets were dismissed by the Prosecuting Attorney prior to submission to the municipal division and do not include documentation of the Prosecuting Attorney's approval to dismiss.

The ability of the Court Clerk to amend tickets without approval of the Prosecuting Attorney is a significant control weakness, and increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse going undetected. Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. To ensure the proper disposition of all cases has been entered in the municipal division records, the Prosecuting Attorney should sign or initial all amended or nolle pros tickets indicating approval.

2.2 Ticket accountability

The Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. The Police Department maintains a record of ticket books assigned to each officer and tickets issued or voided are posted to a computerized records management system; however, our audit determined the Police Department ticket log is incomplete. Our review of tickets issued for the year ended June 30, 2012, identified 13 tickets that had been forwarded to the municipal division for prosecution but had not been entered in the Police Department computerized records.

The municipal division also maintains computerized records of tickets issued and submitted by the Police Department for prosecution; however, the municipal division does not account for the numerical sequence of all tickets issued or ensure all tickets are accounted for properly. A comparison of the municipal division and Police Department records for the year ended June 30, 2012, identified 40 tickets documented in the Police Department system, but not included in the municipal division system. Upon investigation, the Police Department determined 25 of these tickets had been submitted to the county Prosecuting Attorney, 12 of the tickets had been voided, but had not been documented as voided in police system, and 3 of the tickets had been dismissed by the city Prosecuting Attorney prior to



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being submitted to the municipal division. Had these dispositions been entered in the Police Department's ticket log, the difference between the court and Police Department records would have been explained with no additional follow up needed.

Without a proper accounting of the numerical sequence and ultimate disposition of tickets issued, the municipal division and the Police Department cannot be assured all tickets are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket issued to decrease the risk of loss, misuse, or theft of funds.

Recommendations

The City of Warrenton Municipal Division:

- 2.1 Ensure the city Prosecuting Attorney signs all amended and nolle pros tickets.
- 2.2 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

Auditee's Response

The Municipal Judge provided the following written responses:

- 2.1 *Although no citations reviewed by the auditor were discovered to have received an improper disposition, the city agrees that the disposition documentation of the eight cases mentioned in the audit lacked clarity. The court has implemented an administrative order dated May 31, 2013 which mandates that no municipal court cases which are (a) disposed of by way of plea to an amended charge (i.e., one other than the original charge reflected on the charging document) or (b) in which a nolle prosequi has been entered are to be deemed closed without proper written documentation from the Prosecuting Attorney. Furthermore, effective October, 2012, the Finance Manager randomly audits, on a monthly basis, court files prior to approving the Office of the State Court Administrator's report as an additional control measure to ensure proper documentation of such dispositions.*

Pursuant to the court's administrative order dated May 31, 2013: all tickets are required to be processed by the Court Clerk's office. Tickets that are voided, dismissed, or transferred to another agency are still processed and recorded by the court.

- 2.2 *Upon the discovery of the discrepancy in ticket records in October 2012, a procedure was immediately implemented requiring the Court Clerk to send an approved monthly citation listing to the*



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Police Department so that a comparison is completed ensuring all that citations are correctly entered in both the police department's records and the court's record. Furthermore, in January 2013 the police department implemented an internal review of the monthly final disposition docket so that final dispositions can be added to police records.

The current fiscal year budget includes the cost for integration of the police records software and the court records software. This process requires specific software programming to be written by the respective software companies and is in process at this time. This software programming will export the defendant's name, the police officer's name, the vehicle identification, and other citation data from the police software to the court software which will ensure that all citations are included in both programs. An audit process and review of this new software programming is included in the planned implementation of this software.

Twelfth Judicial Circuit

City of Warrenton Municipal Division

Organization and Statistical Information

The City of Warrenton Municipal Division is in the Twelfth Judicial Circuit, which consists of Audrain, Montgomery, and Warren Counties. The Honorable Wesley C. Dalton serves as Presiding Judge. The City of Warrenton Municipal Division was established in October 2009.

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, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	W. Christopher McDonough
Court Administrator	Jeri Halsey-Walters
Court Records Clerk	Cheryl Fortenberry

Financial and Caseload Information

	Year Ended June 30, 2012
Receipts	\$650,683
Number of cases filed	4,945

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The City of Warrenton Municipal Division did not receive any federal stimulus monies during the year ended June 30, 2012.