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Missouri State Auditor

Fifteenth Judicial Circuit

Saline County



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CITIZENS SUMMARY

Findings in the audit of the Fifteenth Judicial Circuit, Saline County

Accounting Controls and Procedures

The court clerks' duties are not properly segregated. All nine clerks have the ability to assess fees, receipt monies, enter voids and adjust costs in the system, and two of these clerks are able to prepare deposits and issue disbursements. The Circuit Clerk does not review daily cashier sessions to ensure all monies are properly recorded and deposited. Non-monetary transactions, voids and adjustments are not properly documented or reviewed by supervisors or the Circuit Clerk. The court does not properly account for the numerical sequence of receipt numbers assigned by the court accounting system or reconcile the composition of receipts to the composition of deposits. Monies received in the mail are not recorded on a mail log, and checks are not restrictively endorsed immediately upon receipt. The Associate Circuit Division regularly issues manual receipt slips, but there is no independent review to ensure they are properly recorded in the system and the monies deposited, the receipt slips do not always indicate the method of payment, and the Associate Circuit Division does not retain voided receipt slips. The Circuit Clerk does not review accrued case costs owed to the court, and audit staff noted two cases in which costs were not accurate. Clerks do not consistently or accurately document the final disposition of each case.

Law Library Fund Controls and Procedures

The Probate Clerk performs all accounting duties related to the Law Library bank account without adequate segregation or an independent or supervisory review. Monthly bank reconciliations are not prepared. The Probate Clerk did not issue receipt slips for monies received, timely record monies on receipt ledgers, or timely deposit receipts. The court incurred a \$24 overdraft fee in November 2012, which could have been avoided by timely depositing receipts on hand.

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

*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.

Fifteenth Judicial Circuit

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Fifteenth Judicial Circuit
Saline County, Missouri

We have audited certain operations of the Fifteenth Judicial Circuit, Saline 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, 2012. 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.

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 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 Saline 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, and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the Fifteenth Judicial Circuit, Saline County.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2012, totaled approximately \$1.4 million. Fines and court costs are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's general bank account by personnel of the Consolidated Circuit Court offices. Cash bonds are collected and receipted by the Saline County Sheriff's office, then transmitted by check to the Circuit Clerk's office for deposit.

1.1 Segregation of duties and supervisory review

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS and supervision is not adequate to identify errors. All nine clerks have the ability to assess fees, receipt monies, enter voids, and adjust costs in the JIS. In addition, two of these clerks have the ability to prepare deposits and issue disbursements. For example, the clerk primarily responsible for preparing deposits and reviewing daily cashier sessions has the ability to assess or adjust costs, receipt monies, void transactions, and issue disbursements. The Circuit Clerk does not review daily cashier sessions to ensure all monies are properly recorded and deposited.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent review of work performed by the clerks is necessary.

1.2 Non-monetary transactions

The Circuit Clerk or Supervisors do not review non-monetary transactions, voids, and adjustments in the JIS and non-monetary transactions, voids, and adjustments are not always properly documented. Non-monetary transactions, including judicial orders, garnishments, and application of bonds, are transactions where no monies are received; however, a credit is applied or the amount due is changed. All clerks are allowed to enter non-monetary transactions, void receipt transactions, and adjust costs in the JIS. Non-monetary transactions, voids, and adjustments should be supported by documentation or a judicial order. Documentation was not prepared or retained for some of these transactions that occurred during our audit period. For example, we identified fines and court costs for two cases totaling \$685 that were adjusted to zero for time served. Although the Judge confirmed he had authorized these adjustments, there was no documentation in the case files to support these adjustments.



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An independent review of non-monetary transactions recorded in the JIS is necessary to ensure such transactions are appropriate and to reduce the risk of loss, theft, or misuse of funds going undetected.

1.3 Receipting, recording, and depositing procedures

Receipting and depositing procedures need improvement. In addition, control weaknesses exist related to the recording and handling of monies received in the mail.

- The numerical sequence of receipt numbers assigned by the JIS is not accounted for properly, and the composition of receipts is not always reconciled to the composition of deposits, resulting in some discrepancies. We noted one receipt totaling \$142 was entered in the JIS as a check on December 10, 2012, but was actually received and deposited as cash. In addition, a \$31 receipt was entered in the JIS as cash on January 12, 2012, but was actually received and deposited as a money order. There were no notes on the cashier sessions or deposit documentation to indicate these errors were detected and investigated.
- Monies received in the mail are not recorded on a mail log and checks are not restrictively endorsed immediately upon receipt. An employee initially opens and delivers the mail to various clerks; however, that individual does not record the payments or restrictively endorse the checks. Instead, the various clerks that receive the checks, record and process the monies received.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, it is necessary to account for the numerical sequence of receipt slips, reconcile the composition of receipts to the composition of deposits, maintain an initial record of monies received in the mail, and ensure checks are restrictively endorsed immediately upon receipt.

1.4 Manual receipt slips

The Associate Circuit Division does not have adequate controls over manual receipt slips. The Associate Circuit Division issued 624 manual receipt slips during the year ended December 31, 2012.

- There is no independent review to ensure transactions related to manual receipt slips are properly recorded in the JIS and subsequently deposited. The Circuit Clerk indicated the Associate Circuit Division regularly issues manual receipt slips in an effort to expedite defendants through the payment line after court.
- The Associate Circuit Division did not record the method of payment on 54 manual receipt slips totaling \$9,967.
- The Associate Circuit Division does not retain voided receipt slips. As a result, there is less assurance all monies received have been accounted



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for properly. Our review identified four voided manual receipt slips in which the original copies were torn from the receipt slip books and not retained.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures to account for all monies received are necessary. These procedures include limiting the use of manual receipt slips; however, when their use is necessary, procedures should be implemented to reconcile the receipt slips to the JIS, and ensure the method of payment is recorded and voided receipt slips are retained.

1.5 Accrued costs

The Circuit Clerk does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, guardian ad litem fees, and fines), which totaled approximately \$2 million, as of December 31, 2012.

We noted two cases in which costs were not accurately reflected on the JIS list of accrued costs. The JIS list included an outstanding guardian ad litem fee of \$8,000 for one case; however, the case was transferred to Lafayette County in a change of venue and disposed in May 2006. Saline County is no longer responsible for collecting these fees and the amount should not be listed as outstanding. In another case, we identified costs of \$11,889 that were incorrectly coded as Criminal Costs-State Reimbursement in April 2009 and should have been coded as Board Bill-Due to State.

A complete and accurate list of accrued costs would allow the Circuit Clerk to easily review amounts due the court and take appropriate steps to ensure amounts owed are collected.

1.6 Case disposition

The clerks do not consistently or accurately document the final disposition of each case on the court dockets in the JIS, and the report of open cases is not periodically reviewed.

The standard procedure of the Associate Judge is to suspend case activity in the JIS for some minor traffic violations, such as seatbelt violations and failure to display plates on vehicles. Rather than issuing warrants, when the defendants subsequently receive other tickets clerks are to check the JIS for open cases and take action to resolve the suspended cases. When case activity is suspended, the case no longer appears on the docket.

The inventory of open cases report generated from the JIS shows 324 traffic cases filed prior to January 1, 2012, were still open as of December 31, 2012. Our review of 25 open traffic cases identified six cases (24 percent) which should have been disposed because judgment was made and the related costs were satisfied. In addition, 7 of the 25 cases (28 percent) were improperly suspended in the JIS because these cases do not meet the Judge's criteria for case suspension. These errors occurred because the clerks failed



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to record all activity on the docket sheets or schedule subsequent court dates and went undetected because there was no review of the open cases report.

Without procedures to ensure the proper disposition and activity of all cases have been recorded in the JIS, the court cannot be assured all cases are properly handled.

Recommendations

The Circuit Clerk:

- 1.1 Segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.
- 1.2 Implement procedures requiring non-monetary transactions, voids, and adjustments be documented and reviewed and approved by a supervisor.
- 1.3 Improve receipting and deposit procedures to account for the numerical sequence of receipt slips and reconcile the composition of receipt slips to the composition of deposits. In addition, the Circuit Clerk should improve controls over mail receipts and restrictively endorse all checks immediately upon receipt.
- 1.4 Establish procedures to ensure all transactions related to manual receipt slips are recorded in the JIS and subsequently deposited. In addition, all manual receipt slips should indicate the method of payment and all copies of voided receipt slips should be retained.
- 1.5 Maintain and review a complete and accurate list of accrued costs.
- 1.6 Ensure the disposition of cases is properly recorded in the JIS and the report of open cases is periodically reviewed.

Auditee's Response

The Circuit Clerk provided the following written responses:

- 1.1 *The Circuit Clerk has implemented procedures where only the Circuit Clerk or supervisor voids receipts entered in error and has made inquiries with the Office of State Courts Administrator (OSCA) concerning the possibility of blocking the capability of voiding receipts by other clerks. The Circuit Clerk or supervisor is reviewing daily cashier sessions for accuracy and unauthorized voids.*
- 1.2 *Documentation on non-monetary transactions and adjustments will be made as docket entries and approved by the Court Judges or*



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supervisor. As noted in my response to finding 1.1, we have implemented procedures related to void transactions.

- 1.3 *Clerks have been reminded to enter receipts correctly according to the type of payment received, i.e. cash, check, money order. Cashier sessions are being reviewed and approved daily by the supervisor or Circuit Clerk when making the bank deposit. This review process includes ensuring the numeric sequence of receipt slips and reconciling the cash/check composition of the cashier sessions to the deposit. All monies received in the mail are being recorded on a log and endorsed prior to receipting. Logs are being reviewed and matched to cashier sessions by the supervisor or Clerk when closing sessions and making the daily bank deposit. If a problem is noted, it will be researched and documented.*
- 1.4 *Associate Clerks are now writing manual receipts only during periods JIS is not available. All other receipts are entered through JIS. Clerks have been instructed to note the method of payment on all receipts and to retain all copies of voided receipts. The Circuit Clerk has implemented a weekly procedure of reviewing manual receipts and reconciling them to JIS.*
- 1.5 *A timelier and thorough procedure in reviewing accrued court costs and to assure change of venue fees do not appear as Saline County accrued costs will be implemented.*
- 1.6 *Clerks have been instructed to properly document the final disposition of cases. An open case review will be implemented on a timely basis. Summonses are now being issued on seatbelt violations and failure to display plates.*

2. Law Library Fund Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures of the Circuit Court's Law Library Fund. According to financial records, Law Library receipts collected during the year ended December 31, 2012, were approximately \$18,000.

- 2.1 Segregation of duties and supervisory review Accounting duties related to the Law Library bank account are not adequately segregated, and an independent or supervisory review of the financial activities is not performed. The Probate Clerk performs all of the accounting duties including recording receipts, depositing monies, and writing and signing checks. In addition, bank reconciliations are not prepared.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic reviews of the records should be performed by an independent individual and documented.



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2.2 Receipting, recording, and depositing procedures

In addition, monthly bank reconciliations should be prepared and periodically reviewed by someone independent of the accounting functions.

The Probate Clerk's procedures for receipting, recording, and depositing monies are not sufficient. As a result, some receipts were not deposited timely and overdraft charges were incurred.

Receipt slips were not issued for monies received, monies were not recorded on receipt ledgers immediately when received, and receipts were not always deposited timely. For example, four receipts totaling \$4,937 from September 4, 2012, to December 5, 2012, were not recorded and deposited until December 12, 2012. Because a \$3,126 check was issued in November prior to the December deposit, a \$24 overdraft fee was incurred.

To reduce the risk of loss, theft, or misuse of funds, procedures should be established to ensure all monies received are properly receipted, promptly recorded, and deposited intact and timely. In addition, maintaining an accurate cash balance would aid in monitoring the account and eliminate the occurrence of bank overdraft fees.

Recommendations

The Court En Banc and the Probate Clerk:

- 2.1 Ensure accounting duties are adequately segregated or independent reviews are performed periodically. In addition, bank reconciliations should be prepared monthly and periodically reviewed.
- 2.2 Ensure official prenumbered receipt slips are issued immediately for all receipts, receipts are promptly recorded, and monies received are deposited intact and in a timely manner. In addition, an accurate cash balance should be maintained to aid in eliminating unnecessary bank charges.

Auditee's Response

The Associate Judge and Probate Clerk provided the following written response:

We agree with the recommendations and have implemented them in our Law Library Fund Controls and Procedures.

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Organization and Statistical Information

The Fifteenth Judicial Circuit consists of Saline County as well as Lafayette County.

The Fifteenth Judicial Circuit consists of one circuit judge and four associate circuit judges. The circuit judge hears cases in Saline and Lafayette Counties. Of the four associate circuit judges, two are located in Saline County and preside over Associate Circuit Division V and VI. The other two associate circuit judges are located in Lafayette County. Circuit personnel located in Lafayette County are not included in the scope of this audit.

Personnel

At December 31, 2012, the judges, Circuit Clerk, and Juvenile Officer of the Fifteenth Judicial Circuit, Saline County, were as follows:

Title	Name
Circuit Judge, Division IV	Dennis A. Rolf
Associate Circuit Judge, Division V	Hugh C. Harvey
Associate Circuit Judge, Division VI	James T. Bellamy
Circuit Clerk	Sharon D. Crawford
Juvenile Officer	Amy Meyers

Financial Information

Receipts of the Fifteenth Judicial Circuit, Saline County, were as follows:

	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	\$1,366,286
Drug Court	5,185
Interest Income	391
Total	\$1,371,862

Caseload Information

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

	Year Ended June 30, 2012
Civil	1,050
Criminal	2,445
Juvenile	155
Probate	62
Total	3,712