



Thomas A. Schweich
Missouri State Auditor

Eleventh Judicial Circuit

St. Charles County



October 2013
Report No. 2013-105

<http://auditor.mo.gov>



CITIZENS SUMMARY

Findings in the audit of the Eleventh Judicial Circuit, St. Charles County

| | |
|------------------------------------|---|
| Accounting Controls and Procedures | Due to coding errors in the court case management system, the court incorrectly assessed various fees for certain juvenile cases, which overstated the accounts receivable balance. Because the court did not actually collect monies on these cases, court personnel did not discover the erroneous fees, which have been assessed since 2005, until this audit. As of June 30, 2013, the court had corrected \$200,000 for the period of 2009 through June 2013. The Probate Division does not timely close mental health cases. At our request, office personnel reviewed all 26 open mental health cases and found that 25 of these cases should have been closed, including seven which should have been closed in 2010. |
| Law Library | The jury services supervisor serves as librarian of the law library, but her accounting duties are not adequately segregated or reviewed. Such segregation or review would reduce the risk of loss, theft, or misuse of funds going undetected. |

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.

Eleventh Judicial Circuit

St. Charles County

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Eleventh Judicial Circuit
St. Charles County, Missouri

We have audited certain operations of the Eleventh Judicial Circuit, St. Charles 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 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 court's management, the Office of State Courts Administrator, and St. Charles 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 Eleventh Judicial Circuit, St. Charles 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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Eleventh Judicial Circuit

St. Charles County

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

The Circuit Clerk's office needs to improve controls and procedures for monitoring juvenile and probate cases.

1.1 Juvenile fees

Coding errors in the Justice Information System (JIS), the Missouri Courts automated case management system, caused the incorrect assessment of various fees for certain juvenile cases and overstatement of the accounts receivable balance. However, the total overstatement cannot be readily identified. At December 31, 2013, the accounts receivable balance (fines, court costs, and fees) totaled approximately \$3.2 million,

The coding errors and misstatements pertain to juvenile cases involving abuse/neglect and transfer of parental rights. Fees should not be assessed for these types of cases. However, starting in 2005, when juvenile cases were placed on the JIS, court personnel miscoded these types of cases which resulted in various fees of \$123 being incorrectly assessed. Because no monies were actually collected on these cases, court personnel did not identify the erroneous fees. During our review of accounts receivable and discussions with court personnel in June 2013, court personnel identified the problem, and started removing the erroneous fees from the JIS records. As of June 30, 2013, erroneous fees of approximately \$200,000, for the period of 2009 through June 2013, had been corrected in juvenile case records.

Accounts receivable records need to be accurate to assist office personnel with making decisions and to more easily review the amounts owed to the court. The Circuit Clerk should continue to review and correct erroneous fees on juvenile cases, and ensure future juvenile cases are coded correctly.

1.2 Probate case review

Mental health cases, handled by the Probate Division, are not closed timely. These cases are not monitored and followed-up on properly. According to court personnel, mental health cases are held open until closing documentation is received from a hospital where the patient was held.

During our review of open cases in July 2013, we identified a mental health case which should have been closed. The case records indicated that a closing document was received from a hospital in August 2010. Upon our request, office personnel reviewed all 26 open mental health cases and determined that 25 of these cases should be closed, including 7 cases which should have been closed in 2010. Although closing documentation was not received on all these cases, individuals are typically only held for 25 days unless the court intervenes.

Adequate review and follow-up controls and procedures are necessary to help ensure open mental health cases are handled properly and to improve accountability.



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Recommendations

The Circuit Clerk:

- 1.1 Ensure the accounts receivable list is accurate by continuing to review and correct juvenile cases with erroneous fees. The Circuit Clerk should also ensure juvenile cases recorded on the JIS in the future are coded properly.
- 1.2 Establish controls and procedures to ensure open mental health cases are monitored and periodically reviewed to ensure cases are closed, as appropriate.

Auditee's Response

The Circuit Clerk provided the following written responses:

- 1.1 *Juvenile went on JIS in 2005. We were given a code for Juvenile petitions and we have used it since then. During the Auditor's visit we realized that we were using the wrong code on termination of parental rights cases. We have gone back through 2005 and removed the fees from these cases so that amount does not show as being owed to the Court. OSCA has given us the proper code for the cases which will not assess a fee. This should correct this problem in the future.*
- 1.2 *Once a month the Probate clerks will run an open case report on mental health cases in order to close these cases in a timely manner.*

2. Law Library

Accounting duties are not segregated, and there is no documented supervisory review of the work performed by the librarian. For the year ended December 31, 2012, law library receipts and disbursements totaled approximately \$103,000 and \$85,000, respectively. The bank balance of the law library account as of December 31, 2012, was \$178,736.

The Court en banc has authority over law library monies and operations, and has appointed the jury services supervisor as librarian. Her accounting duties include receiving and depositing monies, recording receipts and disbursements, preparing and distributing checks, receiving bank statements, and preparing bank reconciliations and financial records. The librarian also signs all checks and is the only required signature. The librarian indicated she periodically provides certain financial records to the Court en banc and local bar association for their review. However, neither entity maintains documentation of their review.

Internal controls would be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, there should be a documented independent review of law library transactions. Thorough supervisory reviews help ensure all transactions are accounted for properly



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and assets are adequately safeguarded. Such reviews would reduce the possibility of loss, theft, or misuse of funds going undetected.

Recommendation

The Circuit Clerk in conjunction with the Court en banc segregate the accounting duties of the law library to the extent possible, or at a minimum, establish procedures for a documented independent review of the record keeping functions.

Auditee's Response

The Court en Banc provided the following written response:

While it is encouraging to note that there were no issues relating to any funds being misappropriated, the Court does recognize the need to strengthen case controls related to the fund. The Court en Banc did, on September 9, 2013 amend Rule 100.3 of the Rules of the Eleventh Circuit to provide additional cash controls and to provide additional oversight with respect to this account. It is believed that these changes will provide greater security for the Law Library Fund.

Eleventh Judicial Circuit

St. Charles County

Organization and Statistical Information

The Eleventh Judicial Circuit consists only of St. Charles County.

The Eleventh Judicial Circuit consists of six circuit judges, one who serves as presiding judge and one who serves as family court administrator, and six associate circuit judges, one who serves as drug court administrator.

In September 2011, the Eleventh Judicial Circuit became the pilot circuit court for the state electronic filing system, Missouri eFiling System. The Missouri eFiling System allows registered attorneys to file cases and documents electronically in courts participating in the program. The goal of the system is to enable attorneys and court clerks to work more efficiently by reducing the time and effort they spend managing case files, which ultimately will save them time, money, and resources. Electronic filing allows subscribers to file and view cases 7 days a week, 24 hours a day, with occasional unavailability due to system maintenance. There is no additional cost associated with using the system. Electronic filing for self-represented cases is planned for a later phase. Public access to electronic case files is available at the courthouse.

Personnel

At December 31, 2012, the judges, Circuit Clerk, and Juvenile Officer of the Eleventh Judicial Circuit, St. Charles County, were as follows:

| Title | Name |
|--------------------------------------|---|
| Circuit Judge, Division 1 | Ted House |
| Circuit Judge, Division 2 | Nancy L. Schneider |
| Circuit Judge, Division 3 | John P. Banas, Family Court Administrator |
| Circuit Judge, Division 4 | Rick Zerr, Presiding Judge |
| Circuit Judge, Division 5 | Jon A. Cunningham |
| Associate Circuit Judge, Division 6 | Terry R. Cundiff |
| Circuit Judge, Division 7 | Daniel Pelikan |
| Associate Circuit Judge, Division 8 | Erin Burlison |
| Associate Circuit Judge, Division 9 | Elizabeth Swann |
| Associate Circuit Judge, Division 10 | Norman Steimel |
| Associate Circuit Judge, Division 11 | Philip Ohlms, Drug Court Administrator |
| Associate Circuit Judge, Division 12 | Matthew E.P. Thornhill |
| Circuit Clerk | Judy Zerr |
| Juvenile Officer | Ken Simmons |



Eleventh Judicial Circuit
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Organization and Statistical Information

Financial Information

Receipts of the Eleventh Judicial Circuit, St. Charles County, were as follows:

| | Year Ended December 31, 2012 |
|---------------------------------------|---------------------------------|
| Court deposits, fee, bonds, and other | \$ 8,463,405 |
| Garnishments | 5,954,679 |
| Interest income | 6,708 |
| Total | \$14,424,792 |

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Eleventh Judicial Circuit, St. Charles County, were as follows:

| | Year Ended June 30, 2012 |
|----------|-----------------------------|
| Civil | 16,003 |
| Criminal | 14,638 |
| Juvenile | 442 |
| Probate | 1,177 |
| Total | 32,260 |