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Missouri State Auditor

Thirteenth Judicial Circuit

City of Columbia Municipal Division



October 2013

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CITIZENS SUMMARY

Findings in the audit of the Thirteenth Judicial Circuit, City of Columbia Municipal Division

Municipal Procedures	Neither the municipal division nor the ticket-issuing agencies maintain adequate records to account for the numerical sequence or ultimate disposition of parking and traffic tickets issued. Records for some parking and traffic tickets could not be located. The municipal division failed to include various data in monthly summary reports submitted to the city and the Office of State Courts Administrator, resulting in understatements of revenues totaling \$150,000 and cases filed totaling 1,200 for the fiscal year ended September 30, 2012. The municipal division and the Columbia Finance Department (CFD) do not reconcile their respective bond records with the bond records of the other office. Audit staff brought a \$14,000 discrepancy between the bond records of the two offices to the municipal division's attention in April 2013, but as of May 31, 2013, the CFD had not corrected the bond ledger or made any necessary disbursements.
Accounting Controls and Procedures	The municipal division has not adequately segregated accounting duties for parking tickets and does not conduct supervisory reviews comparing the voided and dismissed parking tickets to supporting authorizing documentation. The municipal division does not account for the numerical sequence of receipt transactions, and receipt dates can be changed in the parking ticket and traffic and ordinance case management systems.

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.

Thirteenth Judicial Circuit

City of Columbia Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Thirteenth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the City Council
Columbia, Missouri

We have audited certain operations of the City of Columbia Municipal Division of the Thirteenth 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 September 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.
3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained by municipalities from traffic violations occurring on state and federal highways.

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 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, (2) noncompliance with legal provisions, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Columbia Municipal Division of the Thirteenth Judicial Circuit.

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

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Thirteenth Judicial Circuit

City of Columbia Municipal Division

Management Advisory Report - State Auditor's Findings

1. Municipal Procedures

Municipal procedures over accounting for parking and traffic tickets, preparing monthly reports, and reconciling bond liabilities need improvement.

1.1 Ticket accountability

Neither the municipal division nor the ticket-issuing agencies maintain adequate records to account for the numerical sequence or ultimate disposition of parking and traffic tickets issued.

Parking tickets

Records for some parking tickets could not be located. Parking tickets issued by the Columbia Police Department (CPD) are given to the municipal division and the municipal division enters the tickets into the computerized parking ticket case management system. In addition, Columbia Parking Enforcement Office (CPEO) employees generate sequentially numbered parking tickets on hand held devices and download those tickets daily into the case management system. However, the municipal division does not retain the CPD parking tickets after they have been paid and all CPEO and CPD paid parking ticket information is purged from the municipal division part of the system semi-annually to conserve electronic storage space. Only the record of the payments receipted on the purged parking tickets is retained.

For 2 of 12 CPD parking tickets tested, neither the municipal division nor the CPD could locate any record of the ticket, including whether the ticket had been issued or was still in an unissued ticket book. For 6 of the 12 parking tickets, the municipal division retained no record of the violation, except for the record of payment, due to the semi-annual purging process. However, without complete parking ticket information the propriety of handling and payment information cannot be verified. In addition, for 2 of 36 CPEO parking tickets tested, neither the municipal division nor the CPEO could locate any record of the disposition of the ticket although the CPEO part of the case management system indicates the tickets were issued in October 2011 and November 2011.

Traffic tickets

Records for some traffic tickets could not be located. Both the CPD and the University of Missouri Police Department (UMPD) maintain logs of traffic ticket books assigned to officers and require officers to remit copies of tickets issued and voided to the records officers for entry into the law enforcement records management systems maintained by those agencies. Traffic tickets issued are sent to the City Prosecutor's office and traffic tickets signed by the City Prosecutor are filed with the municipal division and entered into the traffic and ordinance violation ticket case management system of the municipal division.

For 2 of 34 CPD traffic tickets tested, neither the CPD nor the municipal division could locate any record of the tickets although the ticket numbers



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were included in the range of ticket numbers assigned to the CPD by the Missouri State Highway Patrol. Also, for one of nine UMPD traffic tickets tested, neither the UMPD nor the municipal division had any record of the ticket disposition, although the UMPD system indicated the ticket was issued in July 2012.

Conclusion

Without a proper accounting for the numerical sequence and ultimate disposition of parking and traffic tickets issued, the Police Departments, CPEO, and municipal division cannot be assured all tickets issued are properly submitted for processing and no errors, theft, or misuse of funds occurred. Additionally, City of Columbia Municipal Court Revised Operating Order Number 1 (COR 1), Section VIII (A) requires the Court to work jointly with the CPD and UMPD to account for all traffic tickets in numerical sequence and ultimate disposition of all tickets assigned and issued by the Police Departments.

1.2 Monthly reports

The municipal division erroneously excluded various data from monthly summary reports submitted to the city and the Office of State Courts Administrator (OSCA), including fees collected for probation services and jail boarding, and fines, court costs, surcharges, and fees collected on red light camera violations, as well as total number of red light camera cases. When probation services and jail boarding fees were established, the municipal division failed to make system programming changes to include these revenues in monthly summary reports produced from the ticket management system. In addition, because the red light camera data is in a separate case management system, these revenues were not included in the monthly reports. Consequently, for monthly reports filed during the fiscal year ended September 30, 2012, reported net collections, totaling approximately \$2.4 million, were understated by approximately \$150,000, and reported cases filed, totaling approximately 10,700, were understated by approximately 1,200 cases.

Section 479.080.3, RSMo, and Supreme Court Operating Rules 4.28 and 4.29 require accurate monthly reports of cases filed and fines and court costs collected be verified by the Court Clerk or Municipal Judge and submitted to the city and OSCA.

1.3 Bond liabilities

The municipal division and the Columbia Finance Department (CFD) do not reconcile their respective open bonds records with the bond records maintained by the other office. Bond monies received by the municipal division are transmitted to the CFD for deposit and entry on the CFD bond ledger. When the municipal division determines the proper distribution of a bond, it is the municipal division's responsibility to notify the CFD of the required distribution so the CFD can make the necessary disbursement or refund and update its bond ledger. The municipal division also provides a monthly bond activity report to the CFD.



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Neither the municipal division nor the CFD had reconciled any of the monthly bond reports to the CFD bond ledger during the fiscal year ended September 30, 2012. As of September 30, 2012, the open bonds on the CFD bond ledger totaled approximately \$48,000, which exceeded the open bonds of approximately \$34,000 on the municipal division bond report. When we brought this discrepancy to the municipal division's attention in April 2013, the CFD began reconciling the reports and ledgers and determined the \$14,000 difference pertained to 77 cases. The CFD had not made timely disbursement on many of those cases. As of May 31, 2013, the CFD had not corrected the bond ledger for these cases or made any necessary disbursements.

Monthly reconciliations between the open bonds maintained by the municipal division and the open bonds reported by the city are necessary to ensure proper accountability over open cases, monies held in trust by the city are sufficient to meet liabilities, and bonds are disbursed timely.

Recommendations

The City of Columbia Municipal Division:

- 1.1 Work with the CPD, CPEO, and UMPD to ensure the numerical sequence and ultimate disposition of all parking and traffic tickets issued are accounted for properly.
- 1.2 Include all cases and collections in the monthly reports.
- 1.3 Work with the CFD to ensure timely reconciliations of the bond reports and bond ledgers are prepared, discrepancies are promptly investigated and resolved, and bonds are disbursed timely.

Auditee's Response

The Municipal Judge and Court Administrator provided the following written responses:

1.1 PARKING TICKETS

A new procedure was put into place in 2013 for tracking parking tickets issued to officers. This should help hold the Department more accountable for all Uniform Parking tickets provided by the Municipal Courts.

With the implementation of the new parking ticket system July 1, 2013, Clancy Systems, this is no longer an issue as the system is a web based program and parking tickets are no longer purged.



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TRAFFIC TICKETS

RSMo 300.575.3 states that the responsibility for the issuance of tickets and citations rests with the police chief. The municipal court will continue to work with UMPD and CPD to better monitor the issuance of tickets.

Out of the tickets selected for the 2013 traffic ticket audit, the Columbia Police Department was unable to account for two of the tickets.

Possible reasons for this is an individual can be released on a summons but when officers are completing data entry within our records management system it is not mandatory that an officer document that ticket number within the arrest entry fields. The arrest entry field for a ticket number is not easily searchable due to our records management system being more than 20 years old. The missing two citations could have been entered in this arrest field and the computer system is just unable to pull from that data field to find them. Or the tickets could have been issued and not documented in the arrest data field and they are attached to a paper copy of the report in our files.

After the ticket audit the Columbia Police Department began to enter all voided summons directly into the Records Management System to eliminate multiple locations for tracking tickets issued or voided. Voided tickets were entered into the Records Management System dating back to October of 2010.

The Columbia Police Department is looking to replace the Records Management System which should help with ticket tracking and provide a more reliable data search to account for all tickets issued.

- 1.2 We agree with this finding. This has been corrected as of July 1, 2013. We are now reporting these items as recommended in this audit report by amending the form provided by the Office of State Court's Administrator to include these items.*
- 1.3 Currently, CFD and Columbia Municipal Court are reconciling the bond report provided to CFD monthly and ensuring that disbursement of bond money is timely. As of July 31, 2013, \$2,760.10 in bond money remains in the account waiting identification prior to disbursement. The Finance Department liaison and the Municipal Court Administrator are working to identify the correct source to disburse this remaining money.*



2. Accounting Controls and Procedures

Accounting duties are not adequately segregated and the municipal division does not account for the numerical sequence of receipts issued.

2.1 Segregation of duties

The municipal division has not adequately segregated accounting duties for parking tickets. One employee enters voided and dismissed parking tickets on the parking ticket case management system and also collects and records payments on parking tickets. In addition, supervisory reviews comparing the voided and dismissed tickets to supporting authorizing documentation from the parking supervisor and City Prosecutor are not performed.

To reduce the risk of possible errors, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties for voiding or dismissing parking tickets and collecting and recording payments is necessary to ensure all transactions are accounted for properly. If proper segregation of duties cannot be achieved, the municipal division should implement a periodic supervisory review of voided and dismissed parking tickets.

2.2 Receipt accountability

The municipal division does not account for the numerical sequence of receipt transactions. In addition, receipt dates can be changed in the parking ticket and traffic and ordinance case management systems. Municipal division employees enter payments into the parking ticket case management system or the traffic and ordinance violation ticket case management system. Both of those systems assign sequential numbers to the receipt transactions. While daily reports of receipt transactions are produced from those systems for processing collections, those reports are not used for verifying the sequence of receipt numbers. In addition, the case management systems allow users to change the date received from the system-generated current date to an earlier date, thereby allowing for possible manipulation of receipt data. Accounting for the numerical sequence of receipt transactions is necessary to ensure receipts are accounted for properly and to reduce the risk of errors, theft, or misuse of funds going undetected.

Recommendations

The City of Columbia Municipal Division:

- 2.1 Segregate the duties for voiding or dismissing parking tickets from the duties of collecting and recording parking tickets. At a minimum, there should be periodic supervisory reviews of voided and dismissed parking tickets.
- 2.2 Account for the numerical sequence of all receipt transactions.



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Management Advisory Report - State Auditor's Findings

Auditee's Response

The Municipal Judge and Court Administrator provided the following written responses:

2.1 *The previous parking ticket software was a "stand alone" system where access could not be given to other departments for modifying the status of tickets. The new parking ticket system, Clancy Systems, which was implemented on July 1, 2013, does allow for the City Prosecutor to enter dismissals and voids. The court staff no longer performs this function. The court staff will provide parking tickets that are being appealed to the City Prosecutor and the prosecutor staff then modifies the ticket indicating the prosecutor's decision.*

2.2 *Parking System: The court has created a new code in the new parking ticket system software that allows the Municipal Court to process payments that have been received within the prescribed time (15 days) but held by staff for one reason or another. The new code allows court employees to enter the payment without changing the date and zeroing out the late fee if paid in full within the prescribed time, as done in the past. A report is produced daily showing status of disposition of parking tickets, including the tender method of each ticket. These reports are reviewed daily.*

Court software: Payments that are received on-line from TrafficPayment.com and entered into the court management software must both have the same disposition date otherwise the weekly report we receive from TrafficPayment.com will not reconcile with the records of the court. The court management software has the capability to search a receipt that will allow us to track any receipt number that does not fall into sequence. The receipt numbers are now checked on each deposit. If a number does not appear sequentially, the clerk searches the receipt number and makes a note on the deposit as to the status of said receipt.

Thirteenth Judicial Circuit

City of Columbia Municipal Division

Organization and Statistical Information

The City of Columbia Municipal Division is in the Thirteenth Judicial Circuit, which consists of Boone and Callaway Counties. The Honorable Jodie Capshaw Asel 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 court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At September 30, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	Robert D. Aulgur
Court Administrator	Shara Meyer
Court Clerk	Nancy Kinsey
Deputy Court Clerk	Deetra Williams
Deputy Court Clerk	Andrea Wymer
Deputy Court Clerk	Ashley Hustead
Probation Officer	Kevin Oeth
Court Services Representative	Thomas Bell
Court Services Representative	Yvonne Keene
Court Services Representative	Kristina Wolf
Court Services Representative	Nancy Jeffries
Court Services Representative	Candiac Mathews

Financial and Caseload Information

	Year Ended September 30, 2012
Receipts	\$2,540,300
Number of cases filed	11,895
Number of parking tickets issued	83,701