



Thomas A. Schweich
Missouri State Auditor

35th Judicial Circuit

City of Dexter Municipal Division

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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Fifth Judicial Circuit, City of Dexter Municipal Division

Accounting Controls and Procedures	The municipal division does not adequately segregate accounting duties. The Court Clerk performs all duties related to the collection and disbursement of fines, court costs, and bonds, without adequate supervision or review. The Court Clerk does not always deposit bond receipts intact or timely, and does not always timely transmit fines and court costs to the city. The Court Clerk does not prepare a list of liabilities (open bonds) to compare to the reconciled bank balance. At our request, the Court Clerk prepared a list of open bonds at March 31, 2013, which totaled \$644 more than the reconciled bank balance.
Tickets Controls and Procedures	Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued. The City Attorney does not sign tickets submitted to the municipal division, and amended tickets are not supported by documentation or approval from the City Attorney.
Records and Reporting	The Court Clerk does not have procedures to ensure all case activity is accurately recorded in the case management system. Audit staff tested payments to the municipal division and noted 52 of 495 (11 percent) had incorrect or missing information in the case management system. The Court Clerk does not always prepare complete and accurate monthly reports. Audit staff reviewed the monthly reports submitted to the city and the Office of State Courts Administrator from July 2012 to March 2013 and found for all months the amounts transmitted to the city exceeded the amounts reported, and the differences ranged from \$120 to \$4,047.

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.

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Thirty-Fifth Judicial Circuit

City of Dexter Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Thirty-Fifth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Dexter, Missouri

We have audited certain operations of the City of Dexter Municipal Division of the Thirty-Fifth 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, 2013. 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 from traffic violations.

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 Dexter Municipal Division of the Thirty-Fifth Judicial Circuit.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: Harry J. Otto, CPA
Director of Audits: Regina Pruitt, CPA
Audit Manager: Keriann Wright, MBA, CPA
In-Charge Auditor: Julie M. Moore, MBA

Thirty-Fifth Judicial Circuit

City of Dexter Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Accounting controls and procedures need improvement.

Municipal division fines and court costs are collected by the Court Clerk and transmitted to the City Collector for deposit into the city's general account. Bond monies are collected by police officers and transmitted to the Court Clerk and deposited into the municipal division's bond account. During the year ended June 30, 2013, the municipal division processed approximately \$78,900 in bonds and \$174,500 in fines and court costs.

1.1 Segregation of duties and supervision

Accounting duties are not adequately segregated. The Court Clerk performs all duties related to the collection and disbursement of fines, court costs, and bonds. Neither the Municipal Judge nor other city personnel independent of the cash custody and record-keeping functions provide adequate supervision or review the work performed by the Court Clerk. The City Collector indicated she compares a summary report and receipt slips in total to the fines and court costs transmitted to the city; however, the composition (cash, check, and money orders) of individual receipts is not reconciled to the composition of monies transmitted to the city. In addition, there is no independent review of bond monies to ensure all bond monies received were properly deposited and disbursed.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, the Municipal Judge should establish procedures to ensure a documented independent review of accounting records is performed.

1.2 Deposits and transmittals

The Court Clerk does not always deposit bond receipts intact or timely, and does not always timely transmit fines and court costs to the city. For example, the November 13, 2012, deposit included some bonds received between November 1 and November 5, 2012, but did not include all bonds on hand at the time of deposit. We noted an additional 7 bonds received between November 1 and November 9, 2012, were not included in this deposit, but were deposited on November 14, 2012. In addition, we noted cash receipts were held up to 7 days before transmittal to the city. Intact and timely depositing and transmitting of receipts reduces the risk of loss, theft, or misuse of funds.

1.3 Bond liabilities

The Court Clerk does not prepare a list of liabilities (open bonds) for comparison to the reconciled bond bank account balance, and is unable to agree open bonds to the account balance.

At our request, the Court Clerk prepared a list of open bonds at March 31, 2013, and the list totaling \$7,663 exceeded the reconciled bank balance of \$7,019 by \$644. The Court Clerk was unable to determine the reason for



Thirty-Fifth Judicial Circuit
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Management Advisory Report - State Auditor's Findings

this discrepancy. As of June 30, 2013, the list of open bonds still exceeded the reconciled bank balance by approximately \$200.

Monthly lists of open bonds are necessary to ensure all bond dispositions have been properly recorded. In addition, monthly reconciliations between the open bonds maintained by the court and the monies held in the bond bank account are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities.

Recommendations

The City of Dexter Municipal Division:

- 1.1 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.
- 1.2 Deposit bonds and transmit fines and court costs intact and timely.
- 1.3 Prepare monthly lists of open bonds and reconcile the lists to the reconciled bank balance. Unidentified differences should be promptly investigated and resolved.

Auditee's Response

The Municipal Judge and Court Clerk provided the following responses:

- 1.1 *The municipal division will work with the City Collector to ensure a complete review of fines and court costs to the underlying accounting records is performed. In addition, the Municipal Judge will establish procedures to monitor the bond bank account, and will include reviewing bank reconciliations, the bond ledger book, and comparing receipt records to deposits made.*
- 1.2 *The Court Clerk has started depositing bonds when received. Since the court is only open on a part-time basis, the Court Clerk will begin initialing and dating when monies are received to better track the timeliness of receipt to deposit. In addition, the Court Clerk has established procedures to ensure fines and court costs are turned over to the city on a weekly basis after court has been held.*
- 1.3 *The municipal division is working to correct the difference between the list of open bonds and the reconciled bank balance. In addition, a reconciliation of open bonds to the reconciled bank balance will be performed monthly.*



2. Ticket Controls and Procedures

Municipal division procedures regarding the accountability and disposition of tickets need improvement.

2.1 Ticket accountability

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued. The Police Department tracks the ticket book numbers assigned to each officer on a log. When tickets are issued, officers enter the ticket information into a shared computerized system with the municipal division; however, neither the Police Department nor the municipal division tracks or monitors the numerical sequence or disposition of individual tickets issued.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the Police Department and the municipal division cannot ensure all tickets issued are properly submitted for processing.

2.2 Ticket disposition

The City Attorney does not sign tickets submitted to the municipal division. In addition, amended tickets are not supported by documentation or approval from the City Attorney. Unsigned tickets are processed through the municipal division and documentation supporting amended tickets is not maintained. Without formal approval by the City Attorney of all tickets processed or documentation supporting amended tickets, the risk of improper handling of tickets and related monies increases.

Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The City Attorney's review, documented with his signature, is needed to provide assurance proper cases and charges are filed with the municipal division.

Recommendations

The City of Dexter Municipal Division:

- 2.1 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.
- 2.2 Ensure the City Attorney signs all tickets and documentation supporting amended tickets is received and maintained.

Auditee's Response

The Municipal Judge and Court Clerk provided the following responses:

- 2.1 *The municipal division will work with the Police Department to establish procedures to account for the numerical sequence and disposition of traffic tickets issued.*



2.2 *The municipal division will work with the City Attorney to ensure tickets are signed. In addition, the Court Clerk will maintain documentation to support amended tickets.*

3. Records and Reporting

3.1 Case activity

Case activity is not always recorded in the court's case management system accurately, a complete report of cases heard is not filed with the city as required, and monthly reports are not always accurate.

The Court Clerk has not established procedures to ensure all case activity is accurately recorded in the case management system. We tested payments made to the municipal division and noted 52 of 495 (11 percent) payments for July 2012, November 2012, and May 2013, had various incorrect or missing information in the case management system. For example, payment dates did not always agree to supporting documentation, and receipt slip numbers and assigned case numbers were not always entered accurately, or at all.

To reduce the possibility of loss, theft, or misuse of funds, and to ensure cases are processed properly, case activity should be properly recorded in the court's case management system.

3.2 Monthly reports

The Court Clerk does not always prepare complete and accurate monthly reports.

The Court Clerk prepares an incomplete list of cases heard for filing with the city. The list includes cases where fines and court costs have been collected, but not cases dismissed or with uncollected fines and court costs. Without a complete report of cases heard, the city cannot effectively monitor municipal division activity and ensure monies are properly remitted.

In addition, the Court Clerk did not prepare accurate monthly reports for submission to the city and the Office of State Courts Administrator (OSCA). We reviewed the monthly reports from July 2012 to March 2013 and noted receipts reported did not agree to receipts transmitted to the city for any of the months. For all months, amounts transmitted to the city exceeded amounts reported, and differences ranged from \$120 to \$4,047. In addition, the OSCA requested the Court Clerk submit corrected reports for several months.

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



Recommendations

The City of Dexter Municipal Division:

- 3.1 Ensure case activity is recorded accurately for all cases.
- 3.2 Ensure a complete monthly list of cases heard in the municipal division is prepared and filed with the city in accordance with state law. In addition, the municipal division should establish procedures to ensure monthly reports to the city and the OSCA are complete and accurate.

Auditee's Response

The Municipal Judge and Court Clerk provided the following responses:

- 3.1 *The Court Clerk has implemented a self-check to monitor entries into the case management system for accuracy. In addition, the Court Clerk plans to run periodic reports to help identify any inconsistencies or issues with the data entered into the system.*
- 3.2 *The municipal division plans to start including all cases heard on the report submitted to the city. The case management system will be set up to produce this information in a system-generated report. In addition, all reports submitted to OSCA for fiscal year 2013 have been corrected. The Court Clerk has started closing the data as of the last day of each month to help provide more accurate information to the OSCA.*

Thirty-Fifth Judicial Circuit

City of Dexter Municipal Division

Organization and Statistical Information

The City of Dexter Municipal Division is in the Thirty-Fifth Judicial Circuit, which consists of Dunklin and Stoddard Counties. The Honorable Robert N. Mayer 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 June 30, 2013, the municipal division employees were as follows:

Title	Name
Municipal Judge	Lawrence E. Wanner
Court Clerk	Laura J. Robinson

Financial and Caseload Information

	Year Ended June 30, 2013
Receipts	\$253,407
Number of cases filed	2,244