



Thomas A. Schweich
Missouri State Auditor

Thirtieth Judicial Circuit

City of Rogersville Municipal Division

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirtieth Judicial Circuit, City of Rogersville Municipal Division

Accounting Controls and Procedures

The municipal division has not adequately segregated the handling of municipal division receipts. The Court Clerk performs all duties related to collection and receipting of funds, deposit preparation, and posting fines and court costs received to a computerized system without adequate supervision or review. In the Court Clerk's absence, city personnel collect municipal division receipts, but procedures are not sufficient to ensure all monies are properly transmitted to the Court Clerk for processing. The Court Clerk does not always timely deposit receipts. Audit staff found 6 instances when receipts were held approximately 2 weeks before deposit.

Municipal Division Procedures

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence of tickets issued, making it difficult to ensure all tickets issued are handled properly. The Court Clerk does not file a monthly list of cases heard with the city, as required by state law. The municipal division collects and deposits the \$1 per case Judicial Education Fund fee into city funds without separately accounting for these monies, so it cannot be determined whether the monies have been expended only for the purposes allowed by state law.

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.

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Thirtieth Judicial Circuit

City of Rogersville Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Thirtieth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Rogersville, Missouri

We have audited certain operations of the City of Rogersville Municipal Division of the Thirtieth 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 Rogersville Municipal Division of the Thirtieth 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:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Josh Allen, CPA, CFE
Audit Staff:	John R. Ebling

Thirtieth Judicial Circuit

City of Rogersville Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Accounting duties are not adequately segregated and procedures to receipt and deposit municipal division collections need improvement.

1.1 Segregation of duties

The municipal division has not adequately segregated the handling of municipal division receipts. The Court Clerk performs all duties related to collection and receipting of funds, deposit preparation, and posting fines and court costs received to a computerized system. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review the work performed by the Court Clerk.

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, a documented independent review of accounting records is necessary. In addition, Section VIII.G. of the Municipal Court Operating Order, requires the Court Clerk to request the city develop a documented independent review if duties of the municipal division cannot be adequately segregated.

1.2 City receipting

City personnel collect municipal division receipts in the Court Clerk's absence and procedures are not sufficient to ensure all monies are properly transmitted to the Court Clerk to be recorded and deposited. The city does not use a separate receipt slip book for municipal division collections making it difficult to ensure all municipal division monies are accounted for properly. In addition, the Court Clerk does not sign city receipt slips when receiving the monies or provide documentation to the city to support the transmittal of receipts to the municipal division.

To ensure all receipts are properly recorded and deposited intact, procedures should be established to provide assurance all municipal division receipts collected by the city are transmitted to the municipal division.

1.3 Deposits

The Court Clerk does not always deposit receipts timely. Our review of deposits for the year ended June 30, 2013, identified 6 instances when receipts were held approximately 2 weeks before being deposited. The failure to deposit timely increases the risk of loss, theft, or misuse of funds. In addition, Section IV.C. of the Municipal Court Operating Order requires the Court Clerk to deposit municipal division receipts on a daily basis, or when the amount on hand reaches \$100.



Recommendations

The City of Rogersville 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 the accounting functions.
- 1.2 Work with the city to establish procedures to ensure municipal division monies received by the city are properly transmitted to the municipal division.
- 1.3 Deposit monies in a timely manner.

Auditee's Response

The Municipal Judge provided the following written responses:

- 1.1 *We will ask the city to develop a documented review if a segregated accounting procedure is not possible. This is consistent with this court's order dated December 17, 2010.*
- 1.2 *We will require all monies received by the municipal court be accounted for in a common receipt book regardless of who receives the money.*
- 1.3 *We will follow the recommendation contained in the audit report, and we will deposit all money in a timely fashion consistent with this court's order dated December 17, 2010.*

2. Municipal Division Procedures

Municipal division procedures related to ticket accountability need improvement. In addition, a monthly report of cases heard is not filed with the city as required, and Judicial Education Fund monies are not accounted for properly.

2.1 Ticket accountability

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence of tickets issued. When tickets are issued, officers enter the ticket information into a computerized system, accessible by the Court Clerk, and provide the tickets to the municipal division for processing. The Police Department also enters the disposition of each ticket into the system using information provided by the municipal division. However, neither the Police Department nor the municipal division tracks the numerical sequence of individual tickets issued. By not accounting for the numerical sequence, gaps in ticket numbers may not be identified, and the Police Department and municipal division cannot ensure all tickets issued are handled properly.



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Management Advisory Report - State Auditor's Findings

Section VIII.D. of the Municipal Court Operating Order requires the Court Clerk to work with the Police Department to account for the numerical sequence of all traffic tickets issued by the Police Department.

2.2 Report of cases heard

The Court Clerk does not file a monthly list of cases heard with the city. Without such a report, the city cannot effectively monitor municipal division activity and ensure monies are properly remitted.

Section 479.080.3, RSMo, and Supreme Court Operating Rule 4.29 require the Court Clerk to prepare a monthly list of all cases heard in the municipal division court, including the names of the defendants and fines and court costs imposed, to be verified by the Court Clerk or Municipal Judge and filed with the city. In addition, Section III.A. of the Municipal Court Operating Order also requires such a report to be filed with the city.

2.3 Judicial Education Fund

The Judicial Education Fund fee of \$1 per case is not accounted for properly. Section 479.260.1, RSMo, allows judicial education fees to be assessed and deposited into a fund to be used for judicial education and training of the Municipal Judge and Court Clerk. However, judicial education fees collected by the court are deposited into city funds and are not accounted for separately. Without a proper accounting of the judicial education fees collected, it cannot be determined whether the monies have been expended only for the purposes allowed by state law.

Recommendations

The City of Rogersville Municipal Division:

- 2.1 Work with the Police Department to develop procedures to adequately account for the numerical sequence of all tickets issued.
- 2.2 Ensure a monthly list of cases heard in the municipal division is prepared and filed with the city in accordance with state law and Supreme Court Operating Rule.
- 2.3 Work with the city to account for judicial education fees in accordance with state law.

Auditee's Response

The Municipal Judge provided the following written responses:

- 2.1 *We will follow the recommendation to work with the Police Department to account for tickets by number as required by order of this court dated December 17, 2010.*
- 2.2 *This monthly report is now being delivered to the City Clerk as required by law and Supreme Court Operating Rule, and we will continue to do so.*



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2.3 *We agree that the education fund should be accounted for separately, and we will work with the city to see that such an accounting is accomplished.*

The Police Chief provided the following written response:

2.1 *We are working with the records management system (ITI) to get the report needed for the court to find any missing or unaccounted for tickets.*

Thirtieth Judicial Circuit

City of Rogersville Municipal Division

Organization and Statistical Information

The City of Rogersville Municipal Division is in the Thirtieth Judicial Circuit, which consists of Benton, Dallas, Hickory, Polk and Webster Counties. The Honorable Michael Hendrickson 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	Kenneth Thompson
Court Clerk	Angela Jones

Financial and Caseload Information

	Year Ended June 30, 2013
Receipts	\$93,640
Number of cases filed	1,044
