



Thomas A. Schweich
Missouri State Auditor

Fifteenth Judicial Circuit

Lafayette County



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CITIZENS SUMMARY

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

Timeliness of Receipts	The Circuit Clerk's office did not properly receipt and deposit all monies received. Four checks in the safe had not been receipted, entered into the Justice Information System (JIS), or deposited for various reasons including dismissal of charges, inadequate case information, and unmet plea agreement terms. Two of the four checks were from 2006. Eight checks were not entered into the JIS until one or two business days after receipt, and three of the 140 manual receipt slips written during 2012 were not timely entered into the JIS.
Contract Employee	The Probate Deputy Circuit Clerk was paid \$1,800 in 2012 for additional duties as Law Library Trustee, but the court had no documentation to support classifying this position as an independent contractor and did not report these earning to the Internal Revenue Service.

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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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
Lafayette County, Missouri

We have audited certain operations of the Fifteenth Judicial Circuit, Lafayette 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 Lafayette 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) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the Fifteenth Judicial Circuit, Lafayette 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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Fifteenth Judicial Circuit

Lafayette County

Management Advisory Report - State Auditor's Findings

1. Timeliness of Receipts

The Circuit Clerk's office does not properly receipt and deposit all court receipts. Receipt slips are not issued for some monies immediately upon receipt and manual receipt slips are not always entered into the Justice Information System (JIS), the Missouri Courts automated case management system, in a timely manner.

According to court records, receipts processed during the year ended December 31, 2012, totaled approximately \$1,838,000. Fines, bonds, and court costs are collected, recorded in the JIS, and deposited into the Circuit Clerk's general bank account by personnel of the Circuit Clerk's office.

The Circuit Clerk's office did not properly receipt the following monies in a timely manner:

- Four checks in the safe had not been receipted, entered into the JIS, or deposited as of a cash count on June 5, 2013. The Circuit Clerk indicated two checks from 2006 were not receipted because charges were dismissed on the individual prior to receiving the monies in the mail and the individual could not be located to return the money. For one check, a case did not exist in the JIS when the check was received on June 3, 2013, and the Circuit Clerk is waiting for the case to be filed before processing this receipt. The fourth check received on May 6, 2013, was not receipted or deposited because certain terms of the plea agreement with the Prosecuting Attorney had not been met. This receipt will be processed once all terms of the plea agreement are met.
- Eight checks identified during the June 5, 2013, cash count were not entered in the JIS when received. Seven of these receipts were entered in the JIS the next business day and the eighth receipt was entered in the JIS 2 business days later. The Circuit Clerk indicated if all information to create a new case is not entered in the JIS by the end of the day, the court's procedure is to discard the receipt in progress and complete the receipting process the next day.
- Manual receipt slips are not always entered into the JIS in a timely manner. Of the 140 manual receipt slips written during 2012, three were not entered into the JIS in a timely manner, with delays up to 9 business days. The Circuit Clerk did not know why these manual receipt slips had not been entered in the JIS in a timelier manner.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, it is necessary to ensure all monies are promptly receipted, entered into the JIS, and deposited timely.



Fifteenth Judicial Circuit
Lafayette County
Management Advisory Report - State Auditor's Findings

Recommendation

The Circuit Clerk immediately issue receipt slips for all monies received, including monies without an assigned case or pending additional requirements for processing, and deposit the receipts in a timely manner. In addition, the Circuit Clerk should ensure monies receipted using manual receipt slips are timely recorded in the JIS and deposited.

Auditee's Response

The Circuit Clerk provided the following written response:

As a result of the audit, the monies cited for not being timely receipted were given individual attention by the Circuit Clerk and financial supervisor to determine the circumstances under which the auditing guidelines were not met. While we are confident that the circumstances for the delays are fully justified by standard court business practices, the recommendations for procedural change to avoid similar delays in the future have now been implemented as a result of the audit. Further, pursuant to Supreme Court Rule 4, the Circuit Clerk's Office has discontinued the use of manual receipts except during any period that the automated system is unavailable. We welcome any and all suggestions that help improve our daily practices, especially in terms of financial management.

2. Contract Employee

Reasons for the Law Library Trustee classification as an independent contractor have not been documented and earnings were not reported to the Internal Revenue Service (IRS). The Probate Deputy Circuit Clerk received payments totaling \$1,800, during 2012, for additional duties as Law Library Trustee. Though the Circuit Judge indicated the duties related to administration of the Law Library are contract duties, documentation of the reasoning behind classifying the duties as an independent contractor was not maintained.

Proper classification of employees and contractors is necessary to ensure compliance with various state and federal laws and regulations. The failure to withhold and properly report payroll and income taxes for workers makes the court potentially subject to additional tax liabilities along with penalties and interest. The Internal Revenue Code requires both W-9 and 1099 reports be filed for independent contractors and IRS Publication 15 requires a W-2 report be filed for employees.

Recommendation

The Circuit Judge and Circuit Clerk determine the proper classification for the Law Library Trustee and document the decision made. After the classification of the Law Library Trustee is determined, ensure compensation and any withholdings are handled properly and reported to the Internal Revenue Service.



Fifteenth Judicial Circuit
Lafayette County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The Circuit Judge provided the following response:

We understand the concerns raised by this finding. We feel the Law Library Trustee is a contract employee as she is able to work her own hours, without supervision. As such, we will treat her as a contract employee and prepare a 1099 this year and in subsequent years.

The Circuit Clerk provided the following written response:

As the Deputy Clerk appointed as Law Library Trustee is under the direct supervision of the Circuit Judge, I do not have access to the details of their current working arrangement. I acknowledge, however, the recommendation that the Circuit Clerk assist in determining the proper classification of a Law Library Trustee and document the decision made; and further, ensure compensation to the trustee and any withholdings are handled properly and reported to the IRS.

Fifteenth Judicial Circuit

Lafayette County

Organization and Statistical Information

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

The Fifteenth Judicial Circuit consists of one circuit judge and four associate circuit judges. The circuit judge hears cases in Lafayette and Saline Counties. Of the four associate circuit judges, two are located in Lafayette County and preside over Associate Circuit Divisions II and III. The two other associate circuit judges are located in Saline County. Circuit personnel located in Saline 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, Lafayette County, were as follows:

Title	Name
Circuit Judge, Division I	Dennis A. Rolf
Associate Circuit Judge, Division II	John Frerking
Associate Circuit Judge, Division III	Randall Shackelford
Circuit Clerk	Deana Aversman
Juvenile Officer	Amy Meyers

Financial Information

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

	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	\$1,837,757
Interest Income	1,080
Total	\$1,838,837

Caseload Information

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

	Year Ended June 30, 2012
Civil	1,622
Criminal	4,739
Juvenile	69
Probate	169
Total	6,599