



**Thomas A. Schweich**  
Missouri State Auditor

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# Nineteenth Judicial Circuit

## City of Jefferson Municipal Division



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**December 2013**  
**Report No. 2013-137**

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<http://auditor.mo.gov>



# CITIZENS SUMMARY

## Findings in the audit of the Nineteenth Judicial Circuit, City of Jefferson Municipal Division

Accounting Controls and Procedures	The municipal division does not adequately segregate accounting duties or perform adequate supervisory reviews of accounting records. The Court Clerk and municipal division staff post adjustments and voided transactions without independent approval, and neither the Court Clerk nor the Municipal Judge periodically reviews reports of adjustments and voided transactions. The municipal division does not account for the numerical sequence of receipt numbers assigned by the court computer system; reconcile the composition of receipts to the composition of transmittals; record bond monies, fines, and court costs immediately upon receipt; or transmit the receipts to the city timely or intact.
Municipal Division Procedures	The municipal division does not document final dispositions of cases paid through the violations bureau on the dockets or backer sheets; the Prosecuting Attorney does not review or sign all tickets processed by the municipal division; and the municipal division, Police Department, and Parking Division do not properly account for the numerical sequence of parking and traffic tickets issued. The municipal division assesses a \$35 warrant fee, but there is neither a city ordinance nor statutory provision authorizing this fee. The Court Clerk does not include the penalty portion of parking ticket receipts on monthly reports submitted to the state and does not prepare and file with the city a monthly list of all cases heard.
Computer Controls	Municipal division employees and the Municipal Judge share user identifications and passwords to log on to computers and the computer system. One system user has inappropriate access, and another user has unnecessary access to the computer system, and, as such, these users were able to perform functions in the computer system that were not relevant or appropriate for their job responsibilities.

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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# Nineteenth Judicial Circuit

## City of Jefferson Municipal Division

### Table of Contents

---

State Auditor's Report	2
------------------------	---

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Management Advisory	
Report - State Auditor's	1. Accounting Controls and Procedures .....4
Findings	2. Municipal Division Procedures .....7
	3. Computer Controls ..... 10

---

Organization and Statistical	12
Information	



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

Presiding Judge  
Nineteenth Judicial Circuit  
and  
Municipal Judge  
and  
Honorable Mayor  
and  
Members of the City Council  
Jefferson City, Missouri

We have audited certain operations of the City of Jefferson Municipal Division of the Nineteenth 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 October 31, 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 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 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 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 Jefferson Municipal Division of the Nineteenth 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

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:	Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor:	Amanda Locke, M.Acct.
Audit Staff:	Terese Summers, MSAS, CPA

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# Nineteenth Judicial Circuit

## City of Jefferson Municipal Division

### Management Advisory Report - State Auditor's Findings

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#### **1. Accounting Controls and Procedures**

Significant weaknesses were identified with accounting controls and procedures.

##### **1.1 Segregation and oversight procedures**

The municipal division does not adequately segregate accounting duties or perform adequate supervisory reviews of accounting records. The Court Clerk and Deputy Clerk collect, record, and transmit fines and court costs. Another staff person collects and records fines and court costs and is allowed to transmit fines and court costs if other court staff are not available. The Court Clerk generally prepares the transmittals. The Court Clerk does not compare the composition of receipt slips to the composition of transmittals or review reports indicating the numerical sequence of receipt slips when preparing the transmittals or reviewing transmittals prepared by the Deputy Clerk. The Court Clerk also does not review manual receipt slips issued by the Deputy Clerk or other court staff to ensure receipts are properly entered in the court computer system and subsequently transmitted to the city. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the Court Clerk, Deputy Clerk, or municipal division staff.

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 Adjustments and voided transactions**

The Court Clerk and municipal division staff do not obtain independent approval before posting adjustments to fines and court costs and voiding transactions in the computer system and did not retain documentation of some adjustments and voided transactions. In addition, the Court Clerk or Municipal Judge do not periodically review reports of adjustments and voided transactions. After our inquiries, the computer system was modified to allow the reason for voided transactions to be documented in the system.

To ensure all adjustments and voided transactions are valid and reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording functions should review and approve adjustments and voided transactions. In addition, a report of adjustments and voided transactions should be periodically generated and reviewed to ensure transactions are appropriate.



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

### 1.3 Receipting, recording, and transmitting procedures

Receipting, recording, and transmitting procedures need significant improvement.

- The municipal division does not account for the numerical sequence of receipt numbers assigned by the computer system. The system assigns a receipt number for all monies recorded in the system. Our review noted several receipt slip numbers were skipped or not issued. Subsequently, the municipal division staff discussed this matter with the system programmer and determined the receipt slip numbers were skipped when multiple cashier sessions were opened. Although it appears this issue occurred, in part, because of system functionality issues, the municipal division staff were not aware of the skips in numbering. Reports of receipt slip numbers are available from the computer system. Reviewing available reports would help ensure all receipt slip numbers are accounted for and skips in the numerical sequence are appropriate. Also, the municipal division does not provide a list of receipt slips including voided receipts to the city with the transmittal. As a result, the city is also unable to account for the numerical sequence of receipt slips and ensure all monies are properly included in the transmittal.
- The Court Clerk does not reconcile the composition of receipts (cash, check, and money orders) posted to the computer system to the composition of transmittals. Differences between the composition of the monies received and the composition of the transmittals occurred because court staff did not always change the default method of payment (cash) in the computer system to the appropriate method.
- The Court Clerk and municipal division staff do not always record bond monies, fines, and court costs immediately upon receipt or transmit the receipts to the city intact or on a timely basis. Receipt slips for bond monies are not issued until the corresponding ticket has been entered into the computer system. For example, while other bonds received on October 2, 2012, were transmitted to the city on October 3, 2012, a \$500 bond received on October 2, 2012, was held and not recorded until October 4, 2012, and not transmitted to the city until October 5, 2012, because the defendant's ticket was not in the computer system. In addition, municipal division staff issue manual receipt slips for fines and court costs received when the corresponding ticket has not been entered into the computer system, but do not record the receipt in the computer system until the ticket is entered into the computer system. As a result, there are delays in entering receipts data into the computer system and transmitting fines and court costs. Receipts are only included in daily transmittals if they are recorded in the computer system.



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

Failure to implement adequate receipting, recording, and transmitting procedures increases the risk that loss, theft, or misuse of funds will go undetected.

## Recommendations

The City of Jefferson 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 Ensure adequate documentation is maintained to support all adjustments and voided transactions and ensure an independent review and approval of these transactions is performed and documented. In addition, ensure reports of adjustments and voided transactions are periodically generated and reviewed by the Court Clerk or Municipal Judge.
- 1.3 Account for the numerical sequence of receipts; provide a list of receipts and voided receipts to the city with transmittals; reconcile the composition of receipts to the composition of transmittals and retain documentation of these reconciliations; record receipts in the computer system timely; and transmit all monies intact and in a timely manner.

## Auditee's Response

*The City of Jefferson Municipal Division provided the following written responses:*

- 1.1 *The Municipal Court segregates accounting duties to the extent possible considering the caseload of municipal violations handled is over 11,000 per year with another 15,000 annual parking tickets and the staffing provided by the City is 2.5 full-time clerks. The City and the Court will review its supervisory process and implement additional procedures for review of accounting records.*
- 1.2 *The City and the Court will ensure adequate documentation is maintained to support all adjustments and voided transactions. Specifically, working with the Auditor the City and the Court have modified the computer system (software) to allow the reasons for adjustments or voided transactions to be documented in the system at the time of the void. The City and the Court intend to create a process for regular review of voided transactions as suggested in the finding.*
- 1.3 *The City and the Court agree with the Auditor concerning the importance of numerical sequencing in receipts and subsequent*



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

*reconciliation. The receipt numbers are assigned by the computer system (software) and receipt numbers are skipped when a cashier session is opened then closed without a receipt being issued. No Court staff can manipulate the receipt numbers. The Court has implemented a system which includes a complete receipt report (including voided transactions and the reason for the void) which is provided to the finance department with the transmittal. The Auditor's review included fiscal year 2012, however, in 2013 new case records are electronically downloaded to the Court each morning, thereby eliminating delay in receiving files. Therefore, receipting bonds and other receipts to an individual case will not be delayed. The bond payments discussed in the audit finding were paid by check and maintained in a secure location.*

## **2. Municipal Division Procedures**

Municipal division procedures need improvement.

### **2.1 Case and ticket dispositions**

The municipal division does not document the final dispositions of cases paid through the violations bureau (VB) on the dockets or backer sheets. The Municipal Judge does not review and sign backer sheets for traffic and ordinance tickets paid at the VB.

Missouri Supreme Court Operating Rule 4 requires municipal divisions to maintain a docket or backer sheet for each case. All information regarding the case should be documented including, but not limited to, a copy of the ticket, case number, defendant name, sentence, bond information, warrant information, and disposition of the case. Accurate recording of the case information is necessary to ensure all fines and court costs have been properly collected and deposited. In addition, to ensure the recorded disposition of all cases is proper, the Municipal Judge should sign the docket or backer sheet to indicate approval of the recorded disposition.

### **2.2 Prosecutor approval**

The Prosecuting Attorney does not sign all tickets processed by the municipal division. Tickets paid through the VB in advance of court are not reviewed by the Prosecuting Attorney. Instead, the Prosecuting Attorney allows the municipal division staff to maintain his signature stamp and stamp his signature on the tickets. In addition, city Operations Division staff who oversee the Parking Division are allowed to void or dismiss appealed parking tickets without the Prosecuting Attorney's approval.

Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. In addition, Section 22-35 of the City of Jefferson municipal code states the Prosecuting Attorney is to review appealed parking tickets. The Prosecuting Attorney's



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

review, documented with his signature, is needed to provide assurance proper cases and charges are filed with the municipal division.

## 2.3 Ticket Accountability

The municipal division, Police Department, and Parking Division do not properly account for the numerical sequence of parking and traffic tickets issued. The Police Department and Parking Division maintain records of tickets assigned and tickets issued or voided and these tickets are posted to the computerized ticket systems. As tickets are issued by the Police Department and Parking Division, they are given to the municipal division for processing. The municipal division also maintains computerized records of tickets issued and submitted by the Police Department and Parking Division. However, there are no procedures to account for the numerical sequence of all tickets issued or ensure all tickets issued have been provided to the municipal division.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the municipal division, Police Department, and Parking Division cannot be assured all tickets issued are properly submitted for processing. A record should be maintained accounting for the ultimate disposition of each ticket issued to decrease the risk of loss, theft, or misuse, of funds.

## 2.4 Warrant fees

The municipal division assesses a potentially improper \$35 warrant fee for each warrant issued. According to municipal division records, warrant fees collected totaled approximately \$60,000 during the year ended October 31, 2012. The city attorney indicated the municipal division began assessing the fee approximately 14 years ago based on a court order. Per Section 479.260, RSMo, a municipality may by ordinance provide for court fees pursuant to sections 488.010 to 488.020, RSMo. However, there is neither a city ordinance nor statutory provision that authorizes the municipal division to assess the warrant fee. There is also no statutory provision expressly prohibiting such a fee.

## 2.5 Monthly reports

The Court Clerk does not include the penalty portion of parking ticket receipts on monthly reports submitted to the state. Penalties are assessed for late payment of parking tickets. The Municipal Division Summary Reporting forms submitted to the Office of State Courts Administrator (OSCA) did not include penalties totaling \$12,171, from parking tickets for the year ended October 31, 2012. Instead, only the parking ticket fine amounts were reported. The Court Clerk indicated she was not aware penalties should also be reported.

Supreme Court Operating Rules 4.28 requires 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 OSCA. To ensure monthly reports



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

are accurate, the municipal division should reconcile amounts included on the various reports with amounts posted to city records.

## 2.6 Report of cases heard

A monthly list of all cases heard is not prepared and filed 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 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 the Municipal Judge and filed with the city.

## Recommendations

The City of Jefferson Municipal Division:

- 2.1 Ensure the proper disposition of cases is documented on the court dockets or backer sheets, and all court dockets and backer sheets are signed by the Municipal Judge.
- 2.2 Ensure the Prosecuting Attorney signs all tickets.
- 2.3 Work with the Police Department and Parking Division to ensure adequate records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- 2.4 Work with the city and legal counsel to reevaluate the warrant fee and the authority to assess the fee. If determined appropriate, the municipal division should at the very least work with the city and legal counsel to establish an ordinance authorizing the fee.
- 2.5 Ensure the monthly municipal division reports include all required information.
- 2.6 Ensure a monthly list of cases heard in the municipal division is prepared and filed with the city in accordance with state law.

## Auditee's Response

*The City of Jefferson Municipal Division provided the following written responses:*

- 2.1 *The Municipal Court ensures the proper disposition is documented on the court dockets or backer sheets and all court dockets and backer sheets are signed by the Municipal Judge except those cases disposed of through the Violations Bureau, which is in place by Court Order in accordance with the Revised Statutes of Missouri and recommendations of the Office of State Courts Administrator. The court plans to mark the disposition of cases disposed through*



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

*the Violations Bureau on the court dockets or backer sheets. In addition, the court plans to prepare a weekly report of all dispositions paid in advance of the Violations Bureau for Judicial review.*

- 2.2 *The City agrees the Prosecuting Attorney should review and sign all tickets. This is a limitation of a part-time prosecutor, however this will be requested of the prosecutor. As an elected official, no staff has oversight of the prosecutor, but the Clerks and Judge will ask for compliance.*
- 2.3 *It is not the duty of the Court to account for the numerical sequence of tickets issued by the Police Department or the Parking Division. The City has asked its internal IT Department to look for a software solution. Failing that, the Police Department will be tasked with looking for a solution.*
- 2.4 *An ordinance has been proposed to mirror the court order in compliance with the Auditor's suggestion.*
- 2.5 *The monthly reports have been corrected to include all the requested information.*
- 2.6 *The Court files the report recommended by the Office of the State Courts Administrator in accordance with state law.*

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### 3. Computer Controls

User identifications and passwords are shared and users have inappropriate access to the court computer system.

#### 3.1 User identifications and passwords

Municipal division employees and the Municipal Judge share user identifications and passwords to log onto computers and the computer system.

The lack of an effective system of user identifications and passwords may allow unauthorized access and/or changes to the system. To establish individual responsibility, preserve the integrity of computer programs and data files, and control access, a unique user identification and password should be assigned to each user of a computer and computer system. Passwords should be kept confidential and changed periodically to help limit unauthorized access to computer terminals and files.

#### 3.2 User access

One system user has inappropriate access and another user has unnecessary access to the computer system based on their job responsibilities. As a result, these users were able to perform functions in the computer system that were not relevant or appropriate for their job responsibilities. In fact, one system user did not need to access the system at all to perform her job



Nineteenth Judicial Circuit  
City of Jefferson Municipal Division  
Management Advisory Report - State Auditor's Findings

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duties. The other user was primarily responsible for entering voided or dismissed parking tickets into the computer system; however, this user was granted access to all system functions except receipting. The Court Clerk indicated the division plans to give these employees additional responsibilities in the future, which may make their access levels appropriate.

To prevent unauthorized changes to ticket, receipt, and case information, access should be limited based on user needs. Periodic reviews of user access rights ensures the right type and level of access has been provided. Without a review of user access rights, there is an increased risk access rights are not aligned with current job responsibilities.

## Recommendations

The City of Jefferson Municipal Division:

- 3.1 Ensure user identifications and passwords are not shared.
- 3.2 Review user access to data and other information resources to ensure access rights are commensurate with user's job responsibilities.

## Auditee's Response

*The City of Jefferson Municipal Division provided the following written responses:*

- 3.1 *The City and the Court will ensure user identification and passwords are not shared.*
- 3.2 *The City and the Court have adopted and implemented the suggestions of the Auditor.*

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# Nineteenth Judicial Circuit

## City of Jefferson Municipal Division

### Organization and Statistical Information

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The City of Jefferson Municipal Division is in the Nineteenth Judicial Circuit, which consists of Cole County. The Honorable Patricia S. Joyce 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 October 31, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	Cotton Walker
Court Clerk	Barbara Schaffer
Deputy Court Clerk	Jana Wood

#### Financial and Caseload Information

	Year Ended October 31, 2012
Receipts	\$1,102,897
Number of cases filed	11,154