



**Thomas A. Schweich**  
Missouri State Auditor

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# Eighteenth Judicial Circuit

## Pettis County



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**December 2013**  
**Report No. 2013-138**

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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Eighteenth Judicial Circuit, Pettis County

### Accounting Controls and Procedures

The Circuit Clerk has not adequately segregated accounting duties or limited access rights to the Justice Information System (JIS). Most clerks (17 of 18) as well as the secretary to the Presiding Judge have the ability to assess fees, receipt monies, void transactions, adjust costs, prepare deposits, and issue disbursements in the JIS, and the Circuit Clerk does not review daily cashier sessions to ensure all monies are properly recorded and deposited. As of May 23, 2013, the court was owed approximately \$4.9 million in accrued case costs, with \$2.6 million (53 percent) of that amount being over 5 years old. The court is required to review accounts receivable reports each month, and uncollectible accounts should be written off. All 18 clerks and the secretary to the Presiding Judge are able to enter voided and non-monetary transactions in the JIS, and the Circuit Clerk does not always document and review these transactions.

### Law Library Fund Controls and Procedures

Accounting duties are not adequately segregated, and an independent review of the financial activities is not performed related to the Law Library bank account.

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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# Eighteenth Judicial Circuit

## Pettis County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

Presiding Judge and Court en Banc  
and  
Circuit Clerk of the  
Eighteenth Judicial Circuit  
Pettis County, Missouri

We have audited certain operations of the Eighteenth Judicial Circuit, Pettis 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 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 court's management, the Office of State Courts Administrator, and Pettis 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) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the Eighteenth Judicial Circuit, Pettis 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:

Deputy State Auditor:	Harry J. Otto, CPA
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	Lori Melton, M.Acct., CPA
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# Eighteenth Judicial Circuit

## Pettis County

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

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

Weaknesses were identified with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2012, totaled approximately \$1.7 million. Fines, court costs, and bonds are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's main bank account by personnel of the Circuit Clerk's office.

##### **1.1 Segregation of duties and supervisory reviews**

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS, and supervision is not adequate to identify errors. Most clerks (17 of 18) and the secretary to the Presiding Judge have the ability to assess fees, receipt monies, void transactions, adjust costs, prepare deposits, and issue disbursements in the JIS. For example, the two clerks primarily responsible for preparing deposits and reviewing daily cashier sessions also routinely assessed or adjusted costs, receipted monies, voided transactions, and issued disbursements. The Circuit Clerk does not review daily cashier sessions to ensure all monies are properly recorded and deposited.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent review of work performed by the clerks is necessary.

##### **1.2 Accrued case costs**

The Circuit Clerk does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, and fines), which totaled approximately \$4.9 million as of May 23, 2013. Of this amount, accrued case costs over 5 years old totaled \$2.6 million (53 percent). The court's Formal Administrative Plan for Collections of Court Debt requires the court review accounts receivable reports (accrued case costs) developed by the Office of the State Courts Administrator and the debt collection vendor at least monthly. Those accounts deemed to be uncollectible shall be written off by court order.

To ensure the accuracy of the accrued case costs, and to provide the Circuit Clerk with the necessary information to make a determination about collectability, accrued case costs should be reviewed at least monthly in compliance with the court's administrative plan.

##### **1.3 Voided and non-monetary transactions**

The Circuit Clerk does not always document and review voided and non-monetary transactions in the JIS.

Non-monetary transactions, including judicial orders, garnishments, and application of bonds, are transactions where no monies are received;



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however, a credit is applied or the amount due is changed. All 18 clerks, as well as the secretary to the Presiding Judge, are able to enter voided and non-monetary transactions in the JIS. Voided and non-monetary transactions should be supported by documentation or a judicial order, and should be reviewed by a supervisor. Documentation was not prepared or retained for some of these transactions that occurred during our audit period, nor was there always proper supervisory review. For example, we identified fines and court costs for one case totaling \$108 that were adjusted to zero. There was no documentation in the case file to support the adjustment. In addition, we identified four receipt transactions initiated and voided by the same clerk without supervisory review.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. Voided and non-monetary transactions should be supported by adequate documentation and reviewed by the Circuit Clerk to ensure the transactions are appropriate.

## Recommendations

The Circuit Clerk:

- 1.1 Segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.
- 1.2 Develop procedures to review accrued costs and uncollectible accounts at least monthly in compliance with the court's administrative plan.
- 1.3 Implement procedures requiring voided and non-monetary transactions be documented, reviewed, and approved.

## Auditee's Response

*The Circuit Clerk provided the following written responses:*

- 1.1 *JIS user access rights have been changed for most clerks. With the exception of the supervisors and the Circuit Clerk, those who have the ability to assess fees and receipt monies do not have the ability to adjust fees or issue disbursements. Only the supervisors and the Circuit Clerk have been authorized to void receipts, both presently and in the past; however, any clerk who requests that a receipt be voided now documents the reason for the void when requesting it of the supervisor or the Circuit Clerk, and documentation is retained with monthly reports. Monthly reports are now being reviewed by the Circuit Clerk, after preparation and review by a supervisor, for unauthorized transactions including voided receipts, disbursements, and fee adjustments. The Circuit Clerk is reviewing cashier session*



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*reports monthly and will review the daily sessions and monitor proper recording and deposit of monies regularly.*

1.2 *The Circuit Clerk is in the process of reviewing cases with court cost debt more than five years old to determine whether payments are still being received through tax intercept or debt collection. Those debts that appear to be uncollectible will be referred to the Presiding Judge for determination as to whether they should be written off as uncollectible by court order. The Circuit Clerk will continue to review outstanding debt on a regular basis and submit reports to the Presiding Judge. The Presiding Judge will consider amending the court's Formal Administrative Plan for Collections of Court Debt to reflect that the accrued costs reports will be reviewed yearly to determine whether any debts should be written off as uncollectible.*

1.3 *As stated in 1.1, the number of clerks with security access to receipt monies and void receipts has been reduced, and all voided receipts are now being documented by the user. Only a supervisor is authorized to void receipts, which has always been the policy. Voided receipts with documentation are filed with monthly reports. Non-monetary transactions not requiring a judicial order are being documented through text notes in JIS when incorrectly added fees are removed or reduced, and fee adjustments can only be made by a supervisor or the Circuit Clerk by using a password unknown to other users. The Circuit Clerk will review and approve the voided receipts report, the fee adjustment report, and the receipt listing for non-monetary transactions monthly.*

## 2. Law Library Fund Controls and Procedures

Accounting duties related to the Law Library bank account are not adequately segregated and independent reviews over the accounting records are not performed. According to law library financial records, disbursements totaled approximately \$41,000 during the year ended December 31, 2012. The Circuit Clerk performs all accounting duties, including recording receipts, depositing monies, writing and signing checks, and performing bank reconciliations.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic reviews of the records should be performed by an independent individual and documented.

## Recommendation

The Circuit Clerk ensure accounting duties are adequately segregated or independent reviews are performed periodically.





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## Auditee's Response

*The Circuit Clerk provided the following written response:*

*The law library bank account is now being reconciled by one of the supervisors in the office, while the Circuit Clerk continues to make disbursements. Another supervisor makes the bank deposits. The law library account information will be made available to the Presiding Judge for review on a regular basis.*

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# Eighteenth Judicial Circuit

## Pettis County

### Organization and Statistical Information

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The Eighteenth Judicial Circuit consists of Pettis County as well as Cooper County.

The Eighteenth Judicial Circuit consists of one circuit judge and three associate circuit judges. The circuit judge hears cases in Pettis and Cooper Counties. Of the three associate circuit judges, two are located in Pettis County and preside over Associate Court Divisions V and VI. The other associate circuit judge is located in Cooper County. Circuit personnel located in Cooper County are not included in the scope of this audit.

#### Personnel

At December 31, 2012, the judges, Circuit Clerk, and Juvenile Officer of the Eighteenth Judicial Circuit, Pettis County, were as follows:

Title	Name
Circuit Judge, Division IV	Robert L. Koffman
Associate Circuit Judge, Division V	R. Paul Beard
Associate Circuit Judge, Division VI	Robert M. Liston
Circuit Clerk	Susan Sadler
Juvenile Officer	Erica L. Cox

#### Financial Information

Receipts of the Eighteenth Judicial Circuit, Pettis County, were as follows:

	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	\$1,732,590
Interest Income	321
Total	\$1,732,911

#### Caseload Information

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

	Year Ended June 30, 2012
Civil	2,736
Criminal	2,983
Juvenile	101
Probate	291
Total	6,111