



**Thomas A. Schweich**  
Missouri State Auditor

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# Fifth Judicial Circuit

## Buchanan County



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**June 2014**  
**Report No. 2014-041**

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**Thomas A. Schweich**  
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# CITIZENS SUMMARY

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## Findings in the audit of the Fifth Judicial Circuit, Buchanan County

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### Accounting Controls and Procedures

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the Justice Information System (JIS), and adequate supervisory reviews of accounting records are not performed. The Circuit Clerk does not ensure monies and related filings are timely processed. Our cash count found 845 checks and money orders totaling \$53,582, some which had been on hand for more than 3 weeks and 12 of which were not restrictively endorsed. In addition, we found \$83 in a safe that had not been receipted or entered in the JIS, and court personnel did not know the proper disposition of these monies. The Circuit Clerk has not established a mail log to record receipts received in the mail.

Neither the Circuit Clerk nor supervisors review non-monetary, voided and adjusting transactions in the JIS, and supporting documentation for these transaction types is not always adequate. The Circuit Clerk and the 30 court employees have the ability to enter non-monetary transactions and adjust costs in the JIS. The Circuit Clerk and 3 court employees are able to void receipt transactions in the JIS, all 3 of whom use the same password which has not been changed for several years. In addition, documentation was not prepared or retained for some of these transactions. For example, we identified a \$600 payment was receipted, then voided, then subsequently receipted for \$340 without explanatory documentation.

The Circuit Clerk has not disbursed garnishments within the 10 day holding period as established by Supreme Court Rule. As of July 31, 2013, the court was holding approximately \$290,000 in garnishment monies due to garnishors. The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks, and 117 checks, totaling \$23,180, had been outstanding for over a year, with 68 of them outstanding for more than 2 years. The Circuit Clerk does not review accrued case costs owed to the court, as required by the court's formal plan for debt, and total accrued costs as of July 15, 2013, were approximately \$18.8 million. The court does not properly safeguard or limit access to case files, the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts, which increases the risk of loss, theft, or misuse of funds.

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### Law Library

The court spent \$32,000 during calendar year 2012 for law library publications, subscriptions, equipment and other material, but court personnel do not maintain an inventory list of law library materials and had no documentation that physical inventories were performed.

## Juvenile Office Receipts

Subsequent to our fieldwork being completed, the Chief Juvenile Officer reviewed all manual receipt slips issued between January 4, 2012, and September 6, 2013, and determined 37 receipts, totaling \$1,330, are unaccounted for and had not been transmitted to the County Treasurer for deposit. Local authorities investigated, but insufficient evidence existed to prosecute anyone. Personnel changes were made and the Juvenile office no longer accepts payments.

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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# Fifth Judicial Circuit

## Buchanan County

### Table of Contents

---

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

---

|                          |  |
|--------------------------|--|
| Management Advisory      |  |
| Report - State Auditor's | 1. Accounting Controls and Procedures .....4 |
| Findings                 | 2. Law Library.....9                         |
|                          | 3. Juvenile Office Receipts.....9            |

---

|                              |    |
|------------------------------|----|
| Organization and Statistical | 11 |
| Information                  |    |



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

Presiding Judge and Court en Banc  
and  
Circuit Clerk of the  
Fifth Judicial Circuit  
Buchanan County, Missouri

We have audited certain operations of the Fifth Judicial Circuit, Buchanan 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 and court rules.

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 Buchanan 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 a legal provision and court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Fifth Judicial Circuit, Buchanan County.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with a large, stylized "S" at the end.

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:        | Todd M. Schuler, CPA  |
| In-Charge Auditor:    | Amanda Locke, M.Acct. |
| Audit Staff:          | Andrew Behrens        |

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# Fifth Judicial Circuit

## Buchanan County

### 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.

According to court records, receipts collected during the year ended December 31, 2012, totaled approximately \$5.6 million. Fines and court costs are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's general bank account by personnel of the Consolidated Circuit Court offices.

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

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS, and adequate supervisory reviews of accounting records are not performed. The Circuit Clerk and 30 court employees have the ability to assess fees, receipt monies, post non-monetary transactions, and adjust costs in the JIS. In addition, the Circuit Clerk and 5 of these court employees have the ability to prepare deposits and disbursements; of the 5 employees, 3 can void transactions and 1 prepares the bank reconciliation. As a result, there are instances where the Circuit Clerk and some other court employees could be responsible for transactions from initial receipt to disbursement without involvement from other court employees. Neither the Circuit Clerk nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by court employees to ensure transactions are appropriate.

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 would be improved by segregating duties to the extent possible and limiting user access rights in the JIS.

##### **1.2 Receipt processing procedures**

The Circuit Clerk has not ensured monies and related filings received are processed in a timely manner. The court had not issued receipt slips or recorded 845 checks and money orders, totaling \$53,582, in the JIS for monies on hand during a cash count conducted during July 15 through July 17, 2013. These monies were comprised of receipts for garnishment applications, garnished wages, new court filings, and interrogatories. Some of these checks or money orders had been on hand for more than 3 weeks, and many of these checks or money orders were attached to unprocessed garnishment and new court filing applications. Of the checks and money orders made payable to the Circuit Clerk, we identified 12 checks had not been restrictively endorsed at the time of our cash count.

A significant portion of these unprocessed receipts and related paperwork related to service fees for garnishment applications and new court filings. Many of the payments associated with these applications were made



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

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payable to the Buchanan County Sheriff or other county Sheriffs. The court is not entering these checks or money orders into the JIS system as non-monetary receipts, as recommended in the Office of State Courts Administrator (OSCA) Court Clerk procedure handbook, prior to forwarding them, along with the application, to the applicable payee. In addition, during our cash count, \$83 was found in a safe that not been receipted or entered in the JIS, and court personnel did not know the proper disposition of these monies.

The Circuit Clerk and court personnel indicated staffing levels are not sufficient to meet workload demands and as a result, monies and respective paperwork received are not processed timely. Processing receipts and related paperwork timely; posting all receipts to the JIS when received; and restrictively endorsing checks immediately upon receipt helps reduce the risk of loss, theft, or misuse of funds.

### 1.3 Mail log

The Circuit Clerk has not established procedures to record mail receipts immediately upon receipt. Monies received in the mail are not recorded on a mail log. A clerk initially opens and delivers the mail to various clerks; however, that individual does not record the payments received. Instead, various clerks record and process these monies.

To reduce the risk of loss, theft, or misuse of funds, an initial record of monies received combined with procedures to reconcile these monies to the JIS and deposit records is necessary.

### 1.4 Non-monetary, voided, and adjusting transactions

Neither the Circuit Clerk nor supervisors review non-monetary, voided, and adjusting transactions in the JIS, and supporting documentation for these transaction types is not always adequate. Non-monetary transactions and case fee adjustments recorded during the year ended December 31, 2012, totaled approximately \$4.6 million and \$650,000, respectively.

Adjusting and non-monetary transactions, including judicial orders, garnishment payouts, and application of bonds, are transactions where no monies are received; however, a credit is applied or the amount due is changed. The Circuit Clerk and the 30 court employees have the ability to enter non-monetary transactions, and adjust costs in the JIS. In addition, the Circuit Clerk and 3 court employees are able to void receipt transactions in the JIS. These individuals use the same password to void receipt transactions in the JIS and the password has not been changed for several years.

Non-monetary, voided, and adjusting transactions should be supported by documentation or a judicial order. However, documentation was not prepared or retained for some of these transactions. For example, we identified a \$600 payment was receipted and voided on December 14, 2012,





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

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and then subsequently receipted for \$340. No documentation could be provided to support the reason for these changes.

To ensure all non-monetary, voided, and adjusting transactions are valid and to reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording function should review and approve these transactions.

## 1.5 Garnishment disbursements

The Circuit Clerk has not disbursed garnishments in a timely manner. The court's procedure is to disburse the garnishment receipts after the garnishment period (ranging from 30 to 180 days) ends, rather than within the 10-day holding period as established by Supreme Court rule. As of December 31, 2012, the court was holding approximately \$330,000 in garnishment monies due to garnishors, most of which had been held more than 10 days. As of July 31, 2013, the court was still holding approximately \$290,000 in garnishment monies.

Supreme Court Rule 90.11 states garnishments paid shall be disbursed to the garnishor by the clerk, less costs, within 10 days and without an order of the court if the garnishee has not requested an allowance under Rule 90.12(a). Procedures should be established to ensure disbursement of garnishment payments are timely and in accordance with the Supreme Court rule.

## 1.6 Outstanding checks

The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks. As of July 31, 2013, JIS records indicate 117 checks, totaling \$23,180, had been outstanding for over a year. Sixty-eight of these checks have been outstanding for more than 2 years.

To properly monitor disbursements and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

## 1.7 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), as required by the court's formal plan for debt. Total accrued costs as of July 15, 2013, were approximately \$18.8 million. We requested the court provide a listing of cases showing accrued case costs over 5 years old and this listing totaled approximately \$7.8 million as of August 8, 2013. The court adopted a formal Administrative Plan for Collections of Court Debt, as required by Court Operating Rule 21.11. This plan calls for the court to review accounts receivable reports (accrued case costs) from the JIS and the debt collection vendor at least every 120 days and determine if any accounts should be deemed to be uncollectible and written off by court order. The court has not reviewed the required reports and thus, has not deemed any accounts to be uncollectible.



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

To ensure the accuracy of the accrued case costs, and to provide the Judge and Circuit Clerk with the necessary information to make a determination about collectability, accrued case costs should be reviewed at least every 120 days in compliance with the court's administrative plan.

## 1.8 Safeguarding assets

The court does not properly safeguard or limit access to case files, the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts. Case files are maintained in boxes located on the floor in a hallway and easily accessible to the public. Blank checks and the signature stamp are both maintained in areas accessible to multiple employees, some of which do not need these items to perform their job duties. In addition, employees who use the signature stamp do not initial to indicate use nor is there any review of the documents stamped. The majority of unprocessed receipts and related paperwork discussed in section 1.2 were lying on desks throughout the office and accessible to anyone with access to the office.

Without adequate safeguards over records and other property, there is the increased risk of inappropriate access and disclosure of confidential information. To reduce the risk of loss, theft, or misuse of funds, the signature stamp, blank checks, and unprocessed receipts should be adequately safeguarded and proper controls established over use of the signature stamp.

## Recommendations

The Circuit Clerk:

- 1.1 Segregate accounting duties, limit user access rights in the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.
- 1.2 Record and process all receipts and related paperwork timely and restrictively endorse all receipts immediately upon receipt. In addition, comply with OSCA guidance to record garnishments in the JIS timely.
- 1.3 Require preparation of an initial record of monies received by mail and reconcile it to the JIS.
- 1.4 Ensure adequate documentation is maintained to support all non-monetary, voided and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented.
- 1.5 Establish procedures to ensure garnishment payments are disbursed timely and in accordance with the Supreme Court rule.



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

- 1.6 Develop procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.
- 1.7 Develop procedures to review accrued costs and uncollectible accounts at least every 120 days in compliance with the court's administrative plan. In addition, the Circuit Clerk should ensure any accounts written off are approved by the Judge with a court order as documentation.
- 1.8 Ensure court records, property, and monies are properly secured and safeguarded and controls are established over the signature stamp.

## Auditee's Response

*The Circuit Clerk provided the following responses:*

- 1.1 *While many of the employees have access rights to perform certain functions, only myself and three other supervisors have the password and training necessary to adjust costs in the system. I will review access rights for employees and consider segregating duties to the extent possible. I have already initiated a procedure to ensure a supervisor reviews all non-monetary transactions.*
- 1.2 *Garnishment and new filing applications are completely caught up and are now being entered into the system the same day received. Checks and money orders are now being restrictively endorsed upon receipt. Effective May 19, 2014, the court will implement e-filing which will significantly reduce the amount of paperwork processed by my office. In addition, we identified the payor of the \$83 found in the safe and these monies have been properly returned.*
- 1.3 *I will do my best to implement this recommendation.*
- 1.4&  
1.6 *This recommendation has been implemented.*
- 1.5 *This recommendation has been implemented. Garnishments are now paid out timely.*
- 1.8 *The case files stored in the hallway have been moved to a secure location and now that we are caught up on processing garnishment applications and new filings, unprocessed monies are no longer in the offices. I have also established controls over the signature stamp.*



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

*The Presiding Circuit Judge provided the following written response:*

1.7 *The Court en Banc met twice in March 2014 to discuss and approve changes to the Court's Administrative Plan for Collection of Court Debt. On March 28, 2014, a First Amended Administrative Plan for Collection of Court Debt was adopted by the Court en Banc. The changes to the Court's Administrative Plan will facilitate the judges being more effective in monitoring and collecting the outstanding debt that each judge determines to be collectible. The amended plan provides that accrued outstanding court costs on cases will be reviewed annually by the Court en Banc. In addition, the Court en Banc in its March 28, 2014, meeting identified a significant number of older cases for which the court costs were deemed to be uncollectible and entered orders to have those amounts written off by the Circuit Clerk.*

## 2. Law Library

Court personnel do not maintain an inventory list of law library materials and could provide no documentation to show that physical inventories of law library materials were performed. Court personnel indicated expenditures for law library publications, subscriptions, equipment, and other materials totaled approximately \$32,000 during the year ended December 31, 2012.

The law library, which includes legal publications and technical equipment kept in the library, is maintained for use by court personnel and the community. Physical inventories of law library materials, and reconciliation of those inventories to the inventory records, are necessary to ensure inventory records are accurate, identify unrecorded additions and dispositions, detect and deter theft of assets, and identify obsolete materials.

## Recommendation

The Court en Banc and the Circuit Clerk ensure periodic physical inventories of law library materials are performed, reconciled to inventory records, and documented.

## Auditee's Response

*The Presiding Circuit Judge provided the following written response:*

*The Court en Banc has adopted procedures for an administrative assistant to prepare a listing of all library materials as they are received. A physical inventory of all library materials will be performed annually in February.*

## 3. Juvenile Office Receipts

In September 2013, subsequent to our audit fieldwork completion, the Chief Juvenile Officer performed a review of manual receipts slips and identified \$1,330 in unaccounted for monies. The Presiding Circuit Judge notified the State Auditor's office of the results of this review and subsequent actions taken by court and county personnel.



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

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The Chief Juvenile Officer's review included all 167 manual receipts issued between January 4, 2012, and September 6, 2013. The review determined 37 manual receipts, totaling \$1,330, representing payments from juveniles for various classes and substance abuse testing are unaccounted for and had not been transmitted to the County Treasurer for deposit. Multiple employees in the Juvenile office issued manual receipt slips during the period of this review and had access to cash receipts, and there were no procedures in place to verify manual receipts were entered into the accounting system and properly transmitted to the County Treasurer.

The results of the review were turned over to local authorities who conducted an investigation, but insufficient evidence existed to prosecute anyone. Personnel changes were made and the Juvenile office no longer accepts payments.

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# Fifth Judicial Circuit

## Buchanan County

### Organization and Statistical Information

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The Fifth Judicial Circuit consists of Buchanan County as well as Andrew County.

The Fifth Judicial Circuit consists of four circuit judges and three associate circuit judges. The four circuit judges and two of the associate circuit judges are located in Buchanan County but may assist on cases in Andrew County. These judges preside over Divisions I, II, III, IV, V, and VI. The other associate circuit judge is located in Andrew County. Circuit personnel located in Andrew County are not included in the scope of this audit.

#### Personnel

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

| Title                                | Name               |
|--------------------------------------|--------------------|
| Circuit Judge, Division I            | Randall R. Jackson |
| Circuit Judge, Division II           | Weldon C. Judah    |
| Circuit Judge, Division III          | Patrick K. Robb    |
| Circuit Judge, Division IV           | Daniel F. Kellogg  |
| Associate Circuit Judge, Division V  | Keith Marquart     |
| Associate Circuit Judge, Division VI | Ronald E. Taylor   |
| Circuit Clerk                        | Mary Beattie       |
| Juvenile Officer                     | Linda Meyer        |

#### Financial Information

Receipts of the Fifth Judicial Circuit, Buchanan County, were as follows:

|                                       | Year Ended<br>December 31, 2012 |
|---------------------------------------|---------------------------------|
| Court deposits, fee, bonds, and other | \$5,589,579                     |
| Child support                         | 59,789                          |
| Interest Income                       | 1,244                           |
| Total                                 | \$5,650,612                     |

#### Caseload Information

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

|          | Year Ended<br>June 30, 2012 |
|----------|-----------------------------|
| Civil    | 6,038                       |
| Criminal | 5,918                       |
| Juvenile | 451                         |
| Probate  | 1,627                       |
| Total    | 14,034                      |