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Missouri State Auditor

First Judicial Circuit

Clark County



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CITIZENS SUMMARY

Findings in the audit of the First Judicial Circuit, Clark County

Missing Monies and Other Questionable Transactions

At least \$3,743 was received but not deposited, and another \$750 in pro se divorce filing fees could be missing or uncollected. Also, 32 manual receipt slips were removed from the receipt slip books and could not be located, which may indicate additional funds are missing. In addition, at least \$7,688 was not collected due to the non-assessment of fines and court costs, the manipulation of case balances and collectability statuses, and one case balance was never entered into the Justice Information System (JIS). As a result, misappropriated court funds and missing monies totaled at least \$12,181. The former Circuit Clerk has been arrested and charged with 2 counts of felony stealing.

Accounting Controls and Procedures

The court has not adequately segregated accounting duties and has not established adequate supervisory or independent reviews, which increases the likelihood of errors, loss, theft, or misuse of funds going undetected. The Circuit Clerk's office lacks proper controls or procedures for manual receipt slips. The office used multiple receipt slip books concurrently, receipt slips were not accounted for properly, receipt slips were not always timely recorded in the JIS, and there was no independent review to ensure proper handling of receipts and receipt slips. Receipts are not always deposited timely, payments received in the mail are not recorded on a mail log, none of the 11 checks included in our cash count were restrictively endorsed, 6 cashier sessions were left open for up to 2 weeks, the composition of receipts did not agree to the composition of deposits, and electronic payments are not posted to the JIS until the end of the month. The Circuit Clerk's office does not properly document, review, or approve non-monetary transactions, adjustments, and voids; has not established a formal administrative plan for the collection of court debt or payment plans; and does not always assess time payment fees as required by court rules. The court does not generate liabilities reports to ensure monies are disbursed in a timely manner and reconciled bank balances are sufficient to cover liabilities.

Circuit Court Procedures

The court did not prepare budgets for various funds, and the Law Library Fund budget was incomplete. The court does not reconcile the change fund and the petty cash fund at the end of each day, and they are not kept in a safe, secure location. The change fund was not maintained at a constant amount, and the petty cash fund was not maintained on an imprest basis. Reportedly the former Circuit Clerk periodically retrieved money from the Ex Officio Recorder of Deeds' office to replenish the court's petty cash fund. The court refused to accept bond monies from the Sheriff's office until a case number was assigned, which increases the potential for loss, theft, or misuse of funds. Court employees did not log off their computers when unattended or keep passwords confidential, and computers did not shut down after a period of inactivity. The user account of one former employee was not disabled until 6 months after the employee resigned. The court did not prepare an annual report of passport fees charged and expenditures of those fees, as required by state law.

Law Library Fund Controls and Procedures	The court has not adequately segregated accounting duties for the Law Library bank account and financial activities, and an independent review is not performed. In addition, bank reconciliations were not prepared.
Drug Court Deposits	Court personnel do not always timely deposit receipts, and some cash receipts were held as long as 23 days before deposit.

In the areas audited, the overall performance of this entity was **Poor**.*

*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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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
First Judicial Circuit
Clark County, Missouri

We have audited certain operations of the First Judicial Circuit, Clark County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to January 1, 2012, through July 31, 2013. 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.
3. Determine the extent of misappropriated court funds and monies missing.

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. Certain receipt records were not provided to us because the circuit court was unable to locate those records for various time periods. As a result, we could not audit certain potential transactions or information related to transactions because of this limitation imposed on the scope of our audit. 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 reviewed all available manual receipt slip books, which included manual receipt slips for the periods 2001, 2003, and 2011 through 2013. Manual receipt slips were likely issued in other years; however, those manual receipt slip books could not be located.

Except as discussed in the second paragraph, 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 Clark 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, (2) noncompliance with legal provisions and court rules, and (3) misappropriated court funds and missing monies totaling at least \$12,181. The accompanying Management Advisory Report presents our findings arising from our audit of the First Judicial Circuit, Clark County.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, stylized 'S' at the end.

Thomas A. Schweich
State Auditor

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1. Missing Monies and Other Questionable Transactions

From January 2012 through July 2013, monies were determined to be missing from circuit court receipts. Additional missing monies were discovered dating back to 2001. Misappropriated court funds and missing monies totaled at least \$12,181.

In July 2013, the State Auditor's office received a hotline call and was also contacted by the Clark County Prosecuting Attorney concerning the likelihood of missing monies in the circuit court. Mary Jones (former Circuit Clerk) was placed on suspension from her duties as Circuit Clerk by the Presiding Judge on Wednesday, July 24, 2013. The Office of State Courts Administrator (OSCA) was notified and took possession of bank statements and reconciliations, check registers, and manual receipt slip books on Thursday, July 25, 2013, the same day Ms. Jones resigned as Circuit Clerk. On Friday, July 26, 2013, these records were provided to the State Auditor's office. In addition, the Missouri State Highway Patrol (MSHP) was notified of the situation by the Clark County Prosecuting Attorney and conducted their own investigation. Ms. Jones was arrested by the MSHP on June 6, 2014, and charged with 2 counts of felony stealing.

Our audit determined receipts totaling at least \$3,743 were received but not deposited. Additional receipts totaling at least \$750 could also be missing or uncollected, based on payments likely received for filing fees paid when pro se divorce cases are filed. Also, 32 manual receipt slips were removed from the receipt slip books and could not be located, indicating additional funds could also be missing. Further, revenue totaling at least \$7,688 may never be collected due to non-assessment of fines and court costs in the Justice Information System (JIS), the Missouri courts automated case management system, manipulation of JIS case balances due or collectability status without judicial orders, and one case balance was never entered into the JIS.

Accounting duties in the circuit court were not adequately segregated. The former Circuit Clerk and all deputy court clerks receipted monies and made entries in the JIS, including fee adjustments, voids, and docket entries. There were no supervisory or independent reviews performed. In addition, the former Circuit Clerk prepared and signed all deposit slips and made all deposits, was the only person authorized to sign checks, and performed month-end close out procedures and reconciliations. Ms. Jones was primarily responsible for the cases in which problems were identified, and her signature was noted on the majority of manual receipt slips discussed.

The section titled Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds includes several tables documenting the transactions discussed below. We reviewed all available manual receipt slip books, which included manual receipt slips for the periods 2001, 2003, and 2011 through 2013. Manual receipt slips were likely issued in other years; however, those manual receipt slip books could not be located.



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Undeposited cash receipts

Cash receipts totaling \$3,743 were recorded on manual receipt slips or a manual ledger or initially recorded in the JIS but were not deposited. As noted in MAR finding number 2.2, manual receipt slips were used periodically throughout the month and during the month-end close out procedures. For all manual receipt slips we reviewed, the former Circuit Clerk was responsible for depositing the related receipts.

- A deputy court clerk issued a manual receipt slip for \$1,063 in cash on January 23, 2001, for fines and court costs. However, the cash was not deposited or recorded on the case party fee sheet in the case file.
- The former Circuit Clerk did not deposit or record in the JIS 8 manual receipt slips she issued totaling \$970 in cash for fines and court costs. In addition, no court costs were assessed for 6 of the cases and court records indicate all 8 cases are closed.
- The former Circuit Clerk did not deposit and disburse to Scotland County \$955 in cash received for domestic violence classes held in Clark County. A deputy court clerk recorded \$955 in payments received in defendant ledgers. Periodically, monies were turned over to the former Circuit Clerk for disbursement to Scotland County; however, the former Circuit Clerk did not deposit or record the \$955 in the JIS. Instead, the former Circuit Clerk prepared a letter to the Clark County Treasurer requesting \$1,200 for monies she explained she had paid in error to the Clark County Community Service Fund instead of the Batterer's Intervention Program in Scotland County for 2 of the domestic violence cases. The County Treasurer issued a check for \$1,200 to the former Circuit Clerk, which was deposited and then disbursed along with other domestic violence class monies to Scotland County as part of a check for \$1,475. Available documentation showed only \$600 of the \$1,200 had been paid in error to the Community Service Fund. As a result, Clark County suffered a \$600 loss. In addition, the deputy court clerk issued receipt slips for only 11 of the 27 payments that comprised the \$955.
- The former Circuit Clerk entered a \$724.50 cash receipt in the JIS as a fee adjustment on June 24, 2009. The cash had originally been received on March 31, 2004, and was never deposited. A judicial order to support the fee adjustment could not be located. According to information provided by a deputy court clerk and her written account of the sequence of events, the deputy court clerk initially received and entered the \$724.50 cash receipt in the JIS on March 31, 2004. The deputy court clerk then voided the transaction because it interfered with the former Circuit Clerk's month-end procedures. In addition, the deputy court clerk told us she placed the \$724.50 in an envelope in the case file and handed it to the former Circuit Clerk for future deposit. The monies were never deposited or re-entered into the JIS. In late 2010 or early



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2011, the deputy court clerk found the case file, which included the envelope she had placed the monies in; however, only \$24.50 was in the envelope resulting in \$700 of missing monies.

- The former Circuit Clerk issued a manual receipt slip for a cash receipt totaling \$50 in fines and court costs, but did not deposit the monies. She both recorded and voided, but did not re-enter, the receipt in the JIS on April 30, 2012.
- A deputy court clerk issued a manual receipt slip on March 18, 2013, for \$30; however, the case party fee sheet indicated the former Circuit Clerk recorded in the JIS and deposited only \$25 in fines and court costs, resulting in \$5 of missing monies.

Possible additional missing monies

Court costs totaling \$750 were not assessed for 5 civil cases (pro se divorce cases) requiring a filing fee to be paid at the time the case is initiated. There was no evidence in the receipts records or the JIS to show these filing fees had been collected or deposited. We received confirmation from the petitioner for 1 of the 5 civil cases indicating he paid a \$150 filing fee to the court; however, he was unable to provide a paid receipt. All of the cases have been closed.

Potential loss of outstanding fines and court costs

A review of court records indicated the processing of fines and court costs for cases totaling \$7,688 were not consistent with the Judge's orders on the case docket sheets. We identified unsupported fee adjustments, failure to assess fines and court costs, and changes made to case collection status. These actions resulted in \$0 balances due for some cases and lowered balances due for other cases. As a result, potential court revenues have gone uncollected. Court personnel indicated defendants for all but 2 cases discussed below are relatives of the former Circuit Clerk. These relationships were confirmed by county personnel.

- The former Circuit Clerk entered 2 fee adjustment transactions totaling \$2,023 into the JIS. Judicial orders to support the adjustments could not be located.
- Fines and court costs totaling \$484 were not assessed for 4 cases in the JIS prior to disposition of the cases. The docket sheets for these cases indicate court costs were ordered by the Judge and should have been assessed prior to the disposition of the cases in the JIS.
- The collection status on 6 cases with balances due totaling \$798 appears to have been changed by the former Circuit Clerk without the support of a judicial order. Four of the 6 cases, with a total balance due of \$265, were changed to "exempt from collection" and 2 cases with a total balance due of \$533 were changed to "uncollectible" on July 15, 2013. Court and county personnel indicated all 6 cases were for relatives of



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the former Circuit Clerk. Further, at the time of our review, payment cards for 4 of the 6 cases could not be located. On September 6, 2013, a relative of the former Circuit Clerk arrived unsolicited at the circuit court office and returned all 4 missing payment cards to the deputy court clerk. The relative also provided a written statement indicating the former Circuit Clerk gave instructions to pay her in person when none of the deputy clerks were in the office.

- A case was not updated in the JIS with a balance due of \$4,383. The case was originally maintained on manual case sheets until the JIS was implemented in September 2001.

The lack of segregation of duties and inadequate controls as discussed in the remainder of this report resulted in the failure to detect these discrepancies.

Recommendation

The Court en Banc and the Prosecuting Attorney continue to work with law enforcement officials regarding criminal prosecution related to the missing funds, including restitution of missing funds.

Auditee's Response

The Court en Banc provided the following written response:

The Court en Banc is cooperating with law enforcement and the Prosecuting Attorney regarding any criminal prosecution related to missing money.

The Prosecuting Attorney provided the following written response:

On June 6, 2014, Mary D. Jones was charged with 2 felony Counts of stealing over \$500.00. These charges followed an extensive investigation by Sergeant Bradley D. Ream and Karen Laves of the Missouri Division of Drug and Crime Control.

The Defendant is scheduled to be arraigned in Clark County Circuit Court on June 24, 2014, at 10:00 a.m. before the Honorable Judge Mike Greenwell of Shelby County, Missouri, Circuit Court.

2. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures. As a result, several receipts were not accounted for properly.

2.1 Segregation of duties and oversight

As discussed in MAR finding number 1, the circuit court has not adequately segregated the duties of receiving and recording receipts, preparing deposits, and disbursing funds, and has not established adequate supervisory or independent review procedures.



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The former Circuit Clerk accepted receipts from the public, accumulated receipts accepted by the deputy court clerks, and processed all deposits. In addition, she was responsible for all disbursements, month-end reporting, and reconciliations prior to her resignation on July 25, 2013. As a result, there were instances when the former Circuit Clerk was responsible for transactions from initial receipt to their disbursement without involvement from other clerks. No independent reviews of the former Circuit Clerk's work were performed.

The circuit court has still not adequately segregated accounting duties. All 3 deputy court clerks still have access to process receipts, record transactions, voids and fee adjustments, and prepare month-end disbursements in the JIS. Also, 2 of the 3 clerks have "cash boss" permission rights which allow them to prepare deposits and process month-end reports. In addition, the deputy recorder of deeds, who previously performed some circuit court duties, has "cash boss" permission rights in the JIS. One change that has occurred is the same deputy court clerk reconciles each cashier session to the monies collected and the Circuit Clerk prepares deposits and compares the total to the deputy court clerk's total.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Segregating duties to the extent possible, along with periodic supervisory or independent reviews of records, would reduce the possibility of errors, loss, theft, or misuse of funds going undetected.

2.2 Manual receipt slips

The Circuit Clerk's office had not established proper controls or procedures for manual receipt slips. We reviewed all available manual receipt slip books, 5 in total, which were located in the Circuit Clerk's office and in a storage room. These 5 books pertained to 2001, 2003, and 2011 through 2013. Based on the court's typical use of manual receipt slips, it appears multiple books are missing.

Multiple manual receipt slip books were used concurrently and numerous manual receipt slips were missing or not used. In addition, manual receipt slips issued by the court were not recorded timely or reconciled to the JIS, deposited timely, or reviewed by a supervisor or someone independent of the receipting process. We identified several manual receipt slips issued for monies received which were not later deposited or entered into the JIS. A manual receipt slip book was accessible to all clerks for use at any time until September 2013, when the Circuit Clerk's office implemented new procedures. Currently, manual receipt slips are only used when the JIS is unavailable.



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The following concerns were noted during a review of manual receipt slips:

- Five generic prenumbered manual receipt slip books were used to record monies received periodically throughout the month. In addition, manual receipt slips were used to record all monies received on the last day of each month as instructed by the former Circuit Clerk while she was performing the month-end procedures.
- Receipt slips were not accounted for properly. Our review of the 5 manual receipt slip books available identified 32 receipt slips for which the original and carbon copies were torn from the receipt slip books and not retained. In addition, 8 receipt slips were skipped, 7 receipt slips were issued out of order, and a case number was not documented on 14 receipt slips. Also, 17 manual receipt slips were issued to record monies paid to the Ex Officio Recorder of Deeds' office, and the former Circuit Clerk used 12 receipt slips to record payments received related to personal business transactions. The former Circuit Clerk also served as the Ex Officio Recorder of Deeds.
- Manual receipt slips were not always recorded timely in the JIS or deposited timely. Of 89 manual receipt slips issued from April 2011 through July 2013, 38 (43 percent) were not recorded in the JIS or deposited for 3 or more business days after receipt. In addition, 22 manual receipt slips issued for monies received were not later recorded in the JIS or deposited. Monies corresponding to these 22 manual receipts are considered missing (see MAR finding number 1) and are identified in the Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds section.
- There was no independent review to ensure manual receipt slips issued were properly recorded in the JIS and subsequently deposited. Receipts are only included in daily deposits if they are recorded in the JIS as monetary transactions (see MAR finding number 1).

Controls over manual receipt slips are necessary to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds. Necessary controls include utilizing one official prenumbered manual receipt slip book at a time, limiting or restricting their use, accounting for the numerical sequence, indicating the method of payment, and ensuring proper and timely recording and reconciliation of the receipts in the JIS. In addition, effective January 1, 2014, Court Operating Rule (COR) 4.53.2 restricts courts using the JIS or other approved local automated systems to issue manual receipt slips only when the automated system is unavailable or as authorized by order of the presiding judge.



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2.3 Receipting and depositing procedures

Procedures related to receipting and depositing receipts are in need of improvement. The following issues were noted:

- Payments received in the mail are not recorded on a mail log, issued a receipt slip, or restrictively endorsed immediately upon receipt. Instead, various court clerks receive the checks or money orders and process the monies received.
- None of the 11 checks included in our July 29, 2013, cash count totaling \$1,454 were restrictively endorsed.
- Six cashier sessions in the JIS totaling \$8,384 were left open from December 14, 2012, through December 24, 2012, and the monies related to these sessions were not deposited until December 28, 2012. Closing cashier sessions untimely can result in delays in depositing and completing reconciliations, and increases the possibility that errors will go undetected.
- The composition (cash, check, or money order) of receipts as recorded in the JIS did not agree to the composition of the December 11, 2012, deposit. Cash per the composition of receipts was \$110 more than the composition of the deposit.
- Electronic payments made online by credit/debit card and debt collection payments are not posted to the JIS until the end of the month. The court is notified daily when electronic payments have been received. For example, electronic payments received from December 4, 2012, through December 26, 2012, totaling \$2,164 were not receipted and posted in the JIS until December 28, 2012. As a result, case file updates are delayed and errors may not be detected timely.

An initial record of monies received in the mail combined with procedures to reconcile these monies to the JIS and deposit records is necessary to adequately safeguard receipts. In addition, restrictively endorsing checks immediately upon receipt, posting all receipts to the JIS when received, maintaining receipts in a secure location until deposited, reconciling the composition of receipts to the composition of deposits, and depositing all receipts in a timely manner help to lessen the risk of loss, theft, or misuse of funds.

2.4 Non-monetary transactions, adjustments, and voids

Non-monetary transactions, adjustments, and voids in the JIS are not properly documented or reviewed and approved by persons independent of the receipting process. Non-monetary transactions, including debt adjustment, uncollectible bad debt write-offs, bonds applied, and debt exempt from collection are transactions in which no monies are received; however, credit is applied to the account balances. Adjustments include the reduction or non-assessment of fines and court costs in which the amounts due are changed or not assessed in the JIS. Voids include non-monetary and



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monetary transactions. The former and current Circuit Clerk and all deputy court clerks are allowed to enter non-monetary transactions, adjustments, and void receipt transactions in the JIS. Most non-monetary transactions and adjustments should be supported by a judicial order reducing the defendant's debt owed. However, the Circuit Clerk's office did not maintain documentation for numerous non-monetary transactions, adjustments, and voids that occurred during the audit period. Several transactions were possibly made to conceal missing monies (see MAR finding number 1).

Adequate documentation and independent review and approval of non-monetary transactions, adjustments, and voids are necessary to help ensure such transactions are appropriate and reduce the risk of loss, theft, or misuse of funds.

2.5 Accrued costs

The Circuit Clerk's office has not established a formal administrative plan for the collection of court debt and payment plans, and does not always assess time payment fees as required by COR 21. As of October 29, 2013, 199 cases with accrued costs totaling \$93,000 were not associated with payment plans and 332 cases had not been assessed time payments fees totaling \$8,300, per reports obtained from the JIS. In addition, the Circuit Clerk's office has not taken steps to perform additional collection efforts or write off balances owed. Accrued court costs totaled approximately \$1.7 million as of July 31, 2013.

A review of 15 cases with balances due identified the following debt collection and payment plan problems:

- The payment plans for 6 cases were not initiated timely, ranging from 2 to 8 years after disposition. Three of the 6 cases were never sent to debt collection. No additional collection efforts have been made for 8 of the cases reviewed. Also, 4 cases did not have a payment plan letter sent to the individual and 1 case file could not be located.
- Several cases had payment terms which did not appear to be reasonable and no judicial order to support the payment amounts or schedule. For example, a case with 2 payment plans has one plan with monthly payments of \$50 with the final payment due on June 15, 2040, and the other plan with monthly payments of \$15 with the final payment due on November 15, 2073. Six cases totaling approximately \$120,000 in accrued costs required payment of the full amount due on the date the payment plan was executed.
- One case which had a change of venue to another county still appeared on the accrued cost listing. The case should have been transferred to Ralls County; however, a payment plan was initiated by Clark County and tax intercept payments are currently being received by Clark County.



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Reviewing the listing of accrued costs due to the court would allow the Circuit Clerk to take appropriate steps to ensure amounts owed are collected. Adherence to the provisions of COR 21, as adopted by the Missouri Supreme Court, is required for courts automated on the JIS. COR 21.11 requires the court to develop a formal administrative plan to include settlement agreements, payment plans, coordination with probation and parole, collection of board bills, review and write off of accounts receivables deemed uncollectible, and sanctions for non-payment of debt. Also, COR 21.13 requires all divisions of the circuit courts, except municipal divisions, to assess a \$25 time payment fee on all cases not paid in full within 30 days of disposition. Failure to follow these rules could result in lost revenue and in loss, theft, or misuse of funds.

2.6 Liabilities

The court did not properly monitor liabilities. Liabilities reports are not generated in the JIS for review to ensure monies are disbursed in a timely manner and reconciled bank balances are sufficient to cover liabilities. As of July 31, 2013, the Circuit Clerk's case liabilities list totaled \$68,083, which was \$20 less than the reconciled bank balance. A detailed liabilities list had not been generated from January 2013 through June 2013. In addition, court personnel indicated they could not determine when the last review had been performed.

We reviewed all 215 cases on this list, which includes numerous cases that appear to be inactive and several cases dating back to 2007. We determined monies should have been applied or disbursed for 78 cases as follows.

- Liabilities held for 19 criminal cases disposed prior to July 31, 2013, were not applied or disbursed. Liabilities for these 19 cases totaled approximately \$17,200, of which approximately \$13,000 was bond monies. This included a \$7,000 bond for 1 case that was disposed in July 2012. The court should have applied \$6,693 to the case and refunded the remaining \$307 to the defendant.
- The court has collected approximately \$6,000 on 52 civil cases, 5 juvenile cases, and 2 criminal cases and held the monies in suspense rather than applying the monies to the cases. The 59 cases were all disposed prior to July 31, 2013. Of the approximately \$6,000 collected, \$325 pertains to filing fees received for 2 civil cases in March 2007; however, no costs were assessed on the cases and the monies were never applied to the cases or refunded.

Based on our review, liabilities could have been reduced by approximately \$23,200 (34 percent) had court officials properly monitored cases and applied and disbursed monies related to those cases in a timely manner.

To ensure cash balances are sufficient to cover liabilities and monies are properly disbursed, monthly liabilities reports should be generated from the



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JIS and procedures should be followed to routinely investigate monies remaining on the liabilities report over a specific period of time.

Recommendations

The Court en Banc and Circuit Clerk:

- 2.1 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.
- 2.2 Ensure one manual receipt slip book is used at a time and the use of manual receipt slips is limited as required by court rule. The Circuit Clerk should also ensure manual receipt slips are recorded timely in the JIS and the monies deposited timely. In addition, the Circuit Clerk should ensure manual receipt slips are only used for circuit court transactions, the numerical sequence accounted for properly, and the case number documented on the receipt slip. Further, the Circuit Clerk should ensure manual receipt slips are reviewed and reconciled to the JIS and to the related deposits by someone independent of the receipting process.
- 2.3 Require an initial record of monies received by mail be prepared and reconciled to the JIS, restrictively endorse checks and money orders immediately upon receipt, and require receipt slips be issued for all monies on a timely basis. In addition, the Circuit Clerk should maintain monies collected in a secure location and deposit receipts timely.
- 2.4 Require an independent review and approval of all non-monetary transactions, adjustments, and voids made in the JIS, and retain adequate documentation to support these transactions.
- 2.5 Develop a formal administrative plan for debt collection and payment plans to ensure compliance with court operating rules. In addition, the Circuit Clerk should perform periodic reviews of cases with outstanding amounts due.
- 2.6 Generate monthly liabilities reports from the JIS and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed or inactive cases.

Auditee's Response

The Court en Banc and the Circuit Clerk provided the following written responses:

- 2.1 *Since July, the segregation of duties has been addressed by having a cash box in a Deputy Clerk's desk where all the deposits are*



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placed securely. That clerk does the deposit, verifying cash and check totals against the JIS deposit sheet. Once the deposit is reconciled, the entire deposit is given to the Circuit Clerk for her to reconcile the cash and checks and the total amount of the deposit. The Deputy Clerk and Circuit Clerk are both signing off on all the deposits as they are checked. In addition, the Circuit Clerk and the Deputy Clerk responsible for deposits are receipting money only when necessary, as when there are no other Deputy Clerks available or the office is extremely busy.

The issues of voids and retakes in JIS will be addressed by notification to OSCA that only 2 individuals may handle those processes. Since July 2013, there have been less than 10 voids and retakes.

Each clerk has limited security access to JIS, which only pertains to their specific job duties.

2.2 *Manual receipts will not be utilized unless on a case by case basis, in the event of extraordinary circumstances and then, only by order of the Presiding Judge. If manual receipts are issued, each receipt will be reviewed and reconciled to JIS by a clerk that did not issue the receipt.*

2.3 *The Circuit Clerk is the only person opening mail. Checks and money orders are restrictively endorsed immediately upon receipt. Deposits shall be made at least once a week and more frequently, if necessary. All cash payments will be maintained in a mail log immediately upon receipt.*

Receipt slips will be issued as the cash payment is logged. Payments received will be placed in a secure cash box in the deputy clerk's desk until deposited.

The Deputy Clerk is posting the electronic payments – credit/debit card payments, debt collection payments and tax offset payments – weekly.

2.4 *Non-monetary transactions, adjustments, and voids are being documented by the Deputy Clerk and reviewed independently by the Circuit Clerk. There have been less than 10 voids since July 2013. Uncollectible bad debt write-offs have been performed - only with judicial order - since July 2013. No one is marking any debt "exempt from debt collection" or "uncollectible." The issuance of voids and retakes will be addressed by OSCA limiting access to the Circuit Clerk and one Deputy Clerk.*



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2.5 *The Court En Banc will comply with the recommendations of the audit.*

On Associate criminal cases, the Judge has reviews every month on his cases to determine who is and is not making payments on their cases. Also, the Associate Judge and the Deputy Clerk have written off as bad debt approximately \$125,000 by judicial order.

Also, the Deputy Clerk is reviewing old cases without payment plans and without the \$25 time payment fee in order to update and correct those files.

Also, the Deputy Clerk has created a listing of all the Circuit probationers and their outstanding balances in order to work with Probation and Parole and the Presiding Judge in order to keep up on receivables. The Presiding Judge will review all delinquent receivables quarterly.

2.6 *The Deputy Clerks have worked diligently on the liabilities list that totaled \$68,083 on July 31, 2013. As of April 30, 2014, that amount has decreased to \$53,051 and consists of a large balance in bonds on old traffic and misdemeanor cases - \$33,566. The Associate Circuit Judge and Deputy Clerk are currently looking at procedures to forfeit monies on the appropriate traffic cases. Also, the Prosecuting Attorney will be contacted to take action to dismiss some cases and forfeit monies on criminal cases.*

The Deputy Clerks have reviewed and paid out all civil cases that involved monies held in suspense. Costs have been assessed and applied on cases that were at issue during the audit. JIS reports are being generated and reviewed monthly to keep this up to date.

3. Circuit Court Procedures

Budgets were not prepared for various funds and the Law Library Fund budget was incomplete. In addition, controls over the Circuit Clerk's change fund and petty cash fund need improvement. Also, bond monies from the Sheriff's office were not accepted timely, computer password confidentiality was not maintained, and annual reports for passports were not prepared.

3.1 Budgets

Budgets were not prepared for the Circuit Clerk's Interest Fund, Time Payment Fee Fund, and the Passport Fee Fund. In addition, the budget prepared for the Law Library Fund did not include any revenue information or prior years' comparative expenditure information. Although the court is primarily funded by the state and county, the interest, time payment fee, law library, and passport fee monies are spent at the discretion of the court. Approximately \$18,500 was disbursed through these funds from January 1, 2012, through July 31, 2013.



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Preparing a complete and accurate budget for all public funds aids in the fiscal management of the monies, provides a means to effectively monitor actual costs and revenues, and provides an avenue for both the county and the public to be fully informed of the court's financial picture.

3.2 Change fund and petty cash fund

Several weaknesses were noted concerning the change fund and the petty cash fund.

- The change fund and the petty cash fund were not reconciled at the end of each day or located in a safe, secure location. The cash box for each fund was located in an unlocked file cabinet which is accessible by all court employees and other individuals who are granted access to the Circuit Clerk's office.
- The change fund was not maintained at a constant amount. A cash count of the change fund on July 29, 2013, totaled \$234. A deputy court clerk indicated the change fund should have been maintained at a constant amount of \$200. Also, the same deputy court clerk indicated an additional \$150 received for an unidentified case was missing from the change box.
- The petty cash fund was not maintained on an imprest basis. A deputy court clerk indicated she was not aware of the authorized amount originally establishing the petty cash fund. A cash count of the petty cash fund on July 29, 2013, identified a balance of \$25. There were no receipts documenting any purchases. In addition, unidentified cash located in the former Circuit Clerk's desk and two deputy court clerks' desks totaling \$44 was counted.
- According to the three current deputy court clerks and the deputy recorder of deeds, the former Circuit Clerk would periodically retrieve monies from the Ex Officio Recorder of Deeds' office miscellaneous cash monies to replenish the court's petty cash fund.

To safeguard against possible loss, theft, or misuse of funds, change funds and petty cash funds should be maintained at a constant amount or imprest basis and the funds should be periodically counted and reconciled to the authorized balance by an independent person. In addition, funds should be placed in a secure location and access limited to authorized personnel. Also, the petty cash fund should only be replenished through reimbursement of disbursements made by the County Treasurer.

3.3 Bond monies

According to court personnel, the court would not accept bond monies from the Sheriff's office until a case number is assigned. For example, bond monies totaling \$1,450 for four cases received from the Sheriff's office were deposited by the Circuit Clerk's office one to three months after the date the Sheriff's office wrote the check to the court. Upon initially receiving these



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checks, the court returned them to the Sheriff's office because case numbers were not yet assigned. However, the JIS allows bonds to be receipted in the system before a case number is assigned. After a case number is established, the case can then be linked to the appropriate bond payment. In addition, the former Circuit Clerk did not issue receipt slips documenting the receipt of bond monies received from the Sheriff's office.

To reduce the potential for loss, theft, or misuse of funds, bond monies from the Sheriff's office should be promptly accepted and receipted into the JIS. In addition, to establish proper accountability over bond receipts and the transmittal between offices, receipt slips should be issued for monies received from the Sheriff's office.

3.4 Passwords and computer inactivity

Court employees did not log off their computers when unattended, passwords were not kept confidential, and a security control was not in place to shut down computers after a certain period of inactivity. In addition, the user account of a former court employee who resigned in April 2013 was not disabled until October 2013. As a result, unauthorized individuals including former court personnel could access an unattended computer and have unrestricted access to programs and data files.

To prevent unauthorized access, users should log off computer workstations when unattended, and passwords should be kept confidential and changed periodically to help limit unauthorized access to computer terminals, files and programs to only those individuals who need access for completion of job responsibilities. In addition, security controls should be implemented to shut down the system after a certain period of inactivity. Also, all inactive user accounts should be deleted.

3.5 Passport fees

The circuit court did not prepare an annual report of passport fees charged and expenditures of those fees, as required by state law. The circuit court processed 121 passport applications and collected \$17,470 in passport processing fees from January 2, 2012, through July 31, 2013. The court retained \$25 of each passport fee totaling \$3,025.

Section 483.537, RSMo, states, "The clerk of any state court who, by deputy or otherwise, takes or processes applications for passports or their renewal shall account for the fees charged for such service and for the expenditure of such fee in an annual report made to the presiding judge and the office of the state courts administrator."

Recommendations

The Court en Banc and Circuit Clerk:

- 3.1 Prepare annual budgets for the Circuit Clerk's Interest Fund, Time Payment Fee Fund, and Passport Fee Fund, and provide copies of these budgets to the county budget officer. In addition, the Circuit Clerk should ensure all budgeted funds contain revenue information



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and the comparative statements of actual or estimated expenditures for the two previous years.

- 3.2 Maintain the change fund and the petty cash fund at a constant/imprest basis and periodically reconcile the ending balance. In addition, the Circuit Clerk should ensure monies are maintained in a secure location and the petty cash fund is replenished through disbursements made by the County Treasurer.
- 3.3 Accept and record bond monies into the JIS and issue corresponding receipt slips when bond monies are received from the Sheriff's office.
- 3.4 Ensure employees log off their computers when unattended and passwords remain confidential and are changed periodically. In addition, the Circuit Clerk should establish a security control requiring computers to shut down after a certain period of inactivity and delete all user accounts for inactive employees.
- 3.5 Ensure passport fees and expenditures are reported in accordance with state law.

Auditee's Response

The Court en Banc and the Circuit Clerk provided the following written responses:

- 3.1 *Budgets were prepared in December 2013 for budget year 2014. Budgets will include revenue information and actual estimated expenditures for the previous two years.*
- 3.2 *The change fund and petty cash fund are maintained at a constant balance of \$200, and \$6, respectively. They are reconciled weekly and kept in a secure location. Any disbursements from the petty cash fund are reimbursed by the County Treasurer.*
- 3.3 *Recommendations have been implemented.*
- 3.4 *Recommendations have been implemented by OSCA. Employees are directed to log off computers when they are unattended. The computers automatically lock after five minutes of not being used, requiring a confidential password to regain access.*
- 3.5 *This recommendation has been implemented.*



4. Law Library Fund Controls and Procedures

The court has not adequately segregated accounting duties and an independent review is not performed related to the Law Library bank account and financial activities. A deputy clerk performs all accounting duties including recording receipts, depositing monies, and writing and signing checks. In addition, bank reconciliations are not prepared. At our request, the deputy court clerk prepared a bank reconciliation as of July 31, 2013, and the reconciled bank account balance agreed to the book balance.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic and documented reviews of the records should be performed by an independent individual. In addition, monthly bank reconciliations should be prepared by someone independent of the accounting functions.

Recommendation

The Court en Banc and Circuit Clerk ensure accounting duties are adequately segregated or independent reviews are performed periodically. In addition, bank reconciliations should be prepared monthly and periodically reviewed.

Auditee's Response

The Court en Banc and the Circuit Clerk provided the following written response:

The recommendation has been implemented. The Associate Circuit Judge is performing independent reviews.

5. Drug Court Deposits

Receipts are not always deposited on a timely basis. During our review of receipts collected from January 1, 2012, through July 31, 2013, deposits were typically made once or twice a month, and some cash receipts were held as long as 23 days before deposit. Total receipts deposited during that time period were approximately \$53,000.

The failure to deposit timely increases the risk of loss, theft, or misuse of funds.

Recommendation

The Court en Banc and the Drug Court Supervisor ensure deposits are made timely.

Auditee's Response

The Court en Banc, the Circuit Clerk, and the Drug Court Supervisor provided the following written response:

This recommendation has been implemented. Deposits are being handled through JIS. Deposits are made at least once a week.

First Judicial Circuit

Clark County

Organization and Statistical Information

The First Judicial Circuit consists of Clark County as well as Schuyler and Scotland Counties.

The First Judicial Circuit consists of one circuit judge and three associate circuit judges. The circuit judge hears cases in Clark, Schuyler, and Scotland Counties and presides over Circuit Division I. Of the three associate circuit judges, one is located in Clark County and presides over Associate Circuit Division II. The other two associate circuit judges are located in Schuyler and Scotland Counties. Circuit personnel located in Schuyler and Scotland Counties are not included in the scope of this audit.

Personnel

At July 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the First Judicial Circuit, Clark County, were as follows:

Title	Name
Circuit Judge, Division I	Gary Dial
Associate Circuit Judge, Division II	Rick R. Roberts
Circuit Clerk (1) (2)	vacant
Juvenile Officer	Eric DeRosear

- (1) Kay Biggerstaff was appointed as Circuit Clerk on October 1, 2013, to replace Mary D. Jones, who resigned on July 25, 2013.
- (2) In Clark County the Circuit Clerk also serves as the Ex Officio Recorder of Deeds.

Financial Information

Receipts of the First Judicial Circuit, Clark County, were as follows:

Receipts	Period from	Year Ended
	January 1, 2013, through July 31, 2013	December 31, 2012
Court deposits, fee, bonds, and other	\$258,270	428,268
Drug Court	19,868	33,413
Interest Income	157	1,596
Total	\$278,295	463,277

Caseload Information

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

	Year Ended June 30,	
	2013	2012
Civil	324	329
Criminal	894	941
Juvenile	27	32
Probate	55	37
Total	1,300	1,339

First Judicial Circuit - Clark County

Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds

The following tables provide supporting documentation for the undeposited cash receipts totaling \$3,743 as discussed in Management Advisory Report finding number 1.

Manual Cash Receipts not Entered in JIS or Deposited

Date Received	Manual Receipt Number ¹	Amount Received
January 23, 2001	10904	\$ 1,063
October 11, 2011	10914	150
April 19, 2012	10930	20
April 30, 2012	10934	50
July 27, 2012	10940	150
January 9, 2013	10947	150
January 18, 2013	090990	150
June 30, 2013	090952	150
July 2, 2013	119449	150
Total		\$ 2,033

Cash Receipts for Domestic Violence Classes not Entered into JIS

Date Received	Manual Receipt Number and/or Ledger	Amount Received
June 8, 2011	Ledger	\$ 25
June 15, 2011	Ledger	25
June 22, 2011	Ledger	25
July 6, 2011	Ledger	50
July 15, 2011	Ledger	25
August 17, 2011	Ledger	30
August 24, 2011	Ledger	50
September 8, 2011	Ledger	25
September 26, 2011	Ledger	25
October 5, 2011	119413/Ledger	25
October 19, 2011	Ledger	25
October 28, 2011	Ledger	25
November 9, 2011	Ledger	25
December 2, 2011	Ledger	25
December 12, 2011	119415/Ledger	25
January 17, 2012	Ledger	75
January 30, 2012	Ledger	50
February 14, 2012	Ledger	25
March 6, 2012	119416/Ledger	50
March 14, 2012	090957/Ledger	50
March 20, 2012	090961/Ledger	25
May 1, 2012	090967/Ledger	75
June 8, 2012	090973/Ledger	25
July 23, 2012	119424/Ledger	75



First Judicial Circuit - Clark County
Supporting Documentation for Missing Cash Receipts and
Possible Additional Missing Funds

August 8, 2012	119427/Ledger	25
November 26, 2012	090985/Ledger	25
December 7, 2012	090986/Ledger	25
Total		\$ 955

Cash Receipt Entered, Voided, not
Re-entered or Deposited and Fee
Adjustment Entered²

Date Received	JIS Receipt Number ³	Amount Received	Amount Missing
March 31, 2004	01CK2676 & 01CK2677	\$ 724.50	\$ 700
Total		\$ 724.50	\$ 700

Manual Cash Receipt Entered into
JIS, Voided, and not Re-entered

Date Received	Manual Receipt Number ⁴	Amount Received	JIS Receipt Number ³	Amount Missing
April 30, 2012	10933	\$ 50	01CK26686 & 01CK26687	\$ 50
Total		\$ 50		\$ 50

Manual Cash Receipt Entered into JIS
for a Lessor Amount

Date Received	Manual Receipt Number	Amount Entered into JIS	JIS Receipt Number	Amount Missing
March 18, 2013	119440	\$ 30	01CK31038	\$ 5
Total		\$ 30		\$ 5

The following table provides supporting documentation for the possible additional missing monies based on court records, which indicate payments totaling \$750 may have been made to the court, but were not properly recorded and deposited.

Payments Likely Received but Not
Entered into JIS or Deposited

Case Number	Disposition Date	Possible Missing Receipts
11CK-CC00153	December 12, 2011	\$ 150
11CK-CC00173	January 10, 2012	150
11CK-CC00172	October 5, 2012	150
12CK-CC00045	February 5, 2013	150
12CK-CC00174	February 22, 2013	150
Total		\$ 750



First Judicial Circuit - Clark County
Supporting Documentation for Missing Cash Receipts and
Possible Additional Missing Funds

The following tables provide supporting documentation for lost revenues of \$7,688 based on court records which were changed without supporting judicial documentation or not recorded in JIS.

Court Revenues Reduced with No
Supporting Documentation

Case Number	Disposition Date	Lost Revenue
01R029900128-01 ⁵	May 30, 2006	\$ 1,738
11CK-CR00091 ⁵	July 16, 2013	285
Total		\$ 2,023

Cases Disposed of with No Court
Costs in JIS

Case Number	Judgment Order Date	Applicable Cost
CV196-128CC ⁵	March 4, 1997	\$ 103
CR296-295FX	March 4, 1997	146
CV196-127CC	March 7, 1997	103
10CK-CC00094 ⁵	June 9, 2010	132
Total		\$ 484

Cases Marked Exempt from
Collection

Case Number	Amount Marked as Exempt
040477869 ⁵	\$ 100
060254378 ⁵	95
040477927 ⁵	35
06H1-CR00377 ⁵	35
Total	\$ 265

Cases Marked as Uncollectible

Date Adjusted	Case Number	Amount Received
July 15, 2013	11CK-CR00091 ⁵	\$ 452
July 15, 2013	06H1-CR00087 ⁵	81
Total		\$ 533

Case not Brought Forward in JIS

Case Number	Outstanding Balance Adjusted
CR295-10FX ⁵	\$ 4,383
Total	\$ 4,383

¹All manual receipt slips, except receipt number 10904, were signed by the former Circuit Clerk.



First Judicial Circuit - Clark County Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds

²The JIS user identification noted the former Circuit Clerk made the fee adjustment.

³All transactions in the JIS are assigned receipt numbers, including monetary receipts, non-monetary receipts, and voids.

⁴The manual receipt slip was signed by former Circuit Clerk.

⁵The defendant is a relative of former Circuit Clerk.