



**Thomas A. Schweich**  
Missouri State Auditor

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# Fourth Judicial Circuit

## Atchison County



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August 2014

Report No. 2014-060

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<http://auditor.mo.gov>



# CITIZENS SUMMARY

## Findings in the audit of the Fourth Judicial Circuit, Atchison County

### Segregation of Duties

The Circuit Clerk has not adequately segregated duties, and supervisory reviews of accounting records are not adequate. In addition, the Circuit Clerk has not limited user access rights in the Justice Information System (JIS). The Circuit Clerk and 3 of the 4 other clerks have access to perform all accounting duties within the JIS. These employees are assigned cash receipting responsibilities, with all but one having access to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions. Segregation of duties, or adequate independent reviews, is necessary to help ensure all transactions are accounted for properly and assets are adequately safeguarded.

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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# Fourth Judicial Circuit

## Atchison County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

Presiding Judge and Court en Banc  
and  
Circuit Clerk of the  
Fourth Judicial Circuit  
Atchison County, Missouri

We have audited certain operations of the Fourth Judicial Circuit, Atchison 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, 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.

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 Atchison 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 and court rules. The accompanying Management Advisory Report presents our finding arising from our audit of the Fourth Judicial Circuit, Atchison 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
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Richard Stuck
Audit Staff:	Alexander Druzenko, MBA, CPA

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# Fourth Judicial Circuit

## Atchison County

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

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#### **Segregation of Duties**

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the Justice Information System (JIS), the Missouri Courts automated case management system; and supervisory reviews of accounting records are not adequate. Fines, court costs, and bonds are collected, recorded in the JIS, and deposited into the Circuit Clerk's main bank account by personnel of the Circuit Clerk's office. According to court records, receipts collected during the year ended December 31, 2013, totaled approximately \$560,000.

The Circuit Clerk and 3 of the 4 other clerks have access to perform all accounting duties within the JIS. These employees are assigned cash receipting responsibilities, with all but one having access to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions. Disbursement duties are primarily performed by the Deputy Circuit Clerk, but other clerks can also perform disbursement duties as needed. These employees also have the ability to print and sign checks, which require only one signature. As a result, there are instances where some clerks are responsible for monetary transactions from initial receipt to disbursement without involvement from other clerks. 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 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.

#### **Recommendation**

The Circuit Clerk 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.

#### **Auditee's Response**

*The Circuit Clerk provided the following written response:*

*The Circuit Clerk recognizes and appreciates the State Auditor's recommendations that greater segregation of clerical duties is desirable. Like so many rural counties, the Atchison County Circuit Clerk operates with a limited number of clerks. Upon consultation with the Office of State Courts Administrator, the Circuit Clerk has determined to segregate responsibilities of staff to the extent feasible and possible while maintaining commitment to meeting the needs of the public in a timely and efficient fashion.*



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*The various job duties are being reviewed and changes will be made to segregate duties to the extent possible. The number of clerks allowed to sign checks will be reduced and plans are to require dual signatures, at a minimum, for amounts over \$500. A clerk that is not authorized to sign checks will assist in reviewing disbursements each month. The password needed to void transactions in the JIS will be changed periodically and the number of clerks authorized to void transactions will be reduced. Every attempt will be made to remove a clerk from the receipting process and that clerk will be responsible for approving cashier sessions and making the deposits. Bank reconciliations will be prepared by either the Deputy Circuit Clerk or the Circuit Clerk and reviewed by the one not preparing the reconciliation. Once the changes in job duties are in place the court will contact OSCA to make the appropriate changes to the JIS user access. The court will work on developing formal supervisory reviews. A list of the various receipts, disbursement, and payment plan reports available to the court is being developed and the court will establish procedures for running and reviewing these reports. Plans are to assign various reports to staff that are not directly responsible for the process being reviewed, and where that is not possible the Circuit Clerk and Deputy Circuit Clerk will be responsible for reviews.*

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# Fourth Judicial Circuit

## Atchison County

### Organization and Statistical Information

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The Fourth Judicial Circuit consists of Atchison County as well as Gentry, Holt, Nodaway, and Worth Counties.

The Fourth Judicial Circuit consists of one circuit judge and five associate circuit judges. The circuit judge hears cases throughout the circuit. The associate circuit judges hear cases in their respective counties, however the scope of our audit only includes Atchison County.

#### Personnel

At December 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the Fourth Judicial Circuit, Atchison County, were as follows:

Title	Name
Circuit Judge	Roger M. Prokes
Associate Circuit Judge	Corey K. Herron
Circuit Clerk	Lorie Hall
Juvenile Officer	Tracy Stone

#### Financial Information

Receipts of the Fourth Judicial Circuit, Atchison County, were as follows:

	Year Ended December 31, 2013
Court deposits, fee, bonds, and other	\$344,555
Interest Income	25
Total	\$344,580

#### Caseload Information

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

	Year Ended June 30, 2013
Civil	194
Criminal	868
Juvenile	15
Probate	41
Total	1,118