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Missouri State Auditor

Seventeenth Judicial Circuit

Cass County



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CITIZENS SUMMARY

Findings in the audit of the Seventeenth Judicial Circuit, Cass County

Corrective Action

The court discovered \$36,743 missing and through the Sheriff's office recovered \$30,069 in checks and money orders from a deputy clerk. The deputy clerk pleaded guilty to felony stealing, was sentenced to 30 days in jail, and was ordered to pay \$6,674 in restitution. After the court discovered missing monies, the Office of the State Court Administrator (OSCA) conducted a review and identified several accounting control deficiencies. The former Circuit Clerk did not respond to and took little corrective action to implement the OSCA recommendations. Subsequently, the former Circuit Clerk was suspended for failure to perform her duties and later resigned. She also withdrew her candidacy for another term in office in exchange for the Missouri Attorney General's office dropping a civil lawsuit and misdemeanor criminal case against her.

Accounting Controls and Procedures

The Circuit Clerk's office has not adequately segregated accounting duties or limited user access rights in the Judicial Information System (JIS), and adequate supervisory reviews of accounting records are not performed. The court does not record monies received in the mail on a mail log, checks received are not restrictively endorsed immediately upon receipt, and the Probate Clerk does not immediately issue receipt slips for monies received. The Circuit Clerk's office does not perform monthly bank reconciliations of the JIS account and has not timely resolved reconciling items identified by the OSCA. The Circuit Clerk's office has not established procedures to follow up on outstanding checks, and interest earned on two certificates of deposit has not been recorded in the JIS. Personnel independent of the receipting process do not review non-monetary and adjusting transactions in the JIS, and supporting documentation for these types of transactions is not always adequate. Total accrued costs owed to the court totaled \$7.4 million as of January 28, 2014, but the Circuit Clerk's office does not review accrued case costs and the court's formal plan for debt is incomplete and has not been updated since January 2012. The former Circuit Clerk did not review cases with liabilities to ensure monies were disbursed in a timely manner, and, as of December 31, 2013, the court was holding \$275,237 on cases that have been disposed. The Circuit Clerk's office maintains three inactive bank accounts which should be closed, and the former Circuit Clerk failed to pay some invoices for goods and services in a timely manner. The Circuit Clerk's office has not developed formal policies and procedures related to voided checks, and 3 voided checks for which stop-payment orders were not issued later cleared the bank.

Case Disposition

Court personnel do not always properly record the final disposition of each case in the JIS and do not periodically review the report of open cases. Ten of the 25 (40 percent) suspended cases we reviewed should have been disposed because judgment was made and the related costs were satisfied.

Law Library	The court has not adequately segregated accounting duties. The Acting Circuit Clerk performs all accounting duties related to the law library bank account and financial activities without an independent review. In addition, court personnel do not maintain an inventory list of law library materials and could provide no documentation that physical inventories were performed.
Missing Records	The former Circuit Clerk hired temporary employees to purge and scan court records but did not properly train or supervise these temporary employees. As a result, court personnel cannot locate numerous documents previously contained in case files.
Juvenile Office Reconciliation Procedures	The Juvenile Officer does not properly identify and resolve monies remaining in the account at the end of the month. The bank account should have a zero balance after each disbursement, but the office collected \$545 more in restitution than ordered from a defendant and overpaid a victim \$187, resulting in a balance of \$358.

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
Seventeenth Judicial Circuit
Cass County, Missouri

We have audited certain operations of the Seventeenth Judicial Circuit, Cass 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.
3. Evaluate the court's compliance with certain 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 Cass 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 (3) noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Seventeenth Judicial Circuit, Cass 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:

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1. Corrective Action

The court has not taken sufficient steps to correct accounting control deficiencies identified by the Office of the State Court Administrator (OSCA) in January 2013. The OSCA review was conducted after monies were discovered missing by the court. Subsequent to the review, the former Circuit Clerk was suspended from her duties and later resigned.

Background

Between July 2012 and October 2012 monies from four deposits, totaling \$36,743, were determined to be missing from circuit court receipts.

In October 2012, Circuit Clerk office personnel reviewed bank deposit records and bank statements and noted four deposits prepared between July and October 2012 never cleared the bank. In addition, court personnel indicated the court received phone calls from attorneys who were concerned that checks issued to the court had not cleared. The former Circuit Clerk notified the Sheriff's office and a detective from the County Sheriff's Department interviewed a deputy clerk who admitted to taking the deposits. The detective accompanied the deputy clerk to her home where she voluntarily turned over a bank bag containing \$30,069 in checks, money orders, and deposit slips from the missing deposits. However, only 17 cents of \$6,674 in missing cash was recovered. The recovered monies were subsequently deposited in the court account. The deputy clerk pleaded guilty to felony stealing on May 31, 2013, sentenced to 30 days in jail, and ordered to pay restitution totaling \$6,674.

In August 2013, the Presiding Circuit Judge suspended the former Circuit Clerk with pay for failure to perform office duties. An Acting Circuit Clerk was appointed to oversee the duties of the office in September 2013. Also in September 2013, the Missouri Attorney General's office filed a civil lawsuit against the former Circuit Clerk alleging she failed to properly maintain the records of the court and properly manage the funds the court and state entrusted to her care. In addition, she was charged with two counts of failing to perform an act or duty required by law under Section 483.165, RSMo, which states that if any clerk knowingly and willfully does any act contrary to the duties of his office, or knowingly and willfully fails to perform any act or duty required by law, the clerk shall be deemed guilty of a misdemeanor in office. The civil trial began on June 30, 2014, but was dismissed on July 1, 2014, after the parties reached a settlement agreement. The former Circuit Clerk resigned and withdrew her candidacy for another term in office; in exchange, the Missouri Attorney General's office agreed to drop the civil lawsuit and the misdemeanor criminal case. The former Circuit Clerk was paid a total of \$86,966 after she was suspended in August 2013.

OSCA recommendations

The former Circuit Clerk failed to implement recommendations made by the OSCA in January 2013. After the theft of monies was discovered in October 2012, the OSCA performed a financial review of the court. The former



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Circuit Clerk did not respond to the OSCA recommendations and took little corrective action to implement the recommendations. Notable recommendations not implemented by the court included:

- Remove all supervisors from the monetary receipt process and require the supervisors to perform supervisory duties, including voiding/retaking receipts to resolve errors and correcting errors on assessed costs.
- Receipt all monies in the Judicial Information System (JIS) the day of the receipt.
- Designate a supervisor to prepare bank reconciliations. The Circuit Clerk should review them when completed and assign clerks to make corrections prior to the end of the month. The former Circuit Clerk was taking deposits to the bank and signing checks.
- Designate a supervisor to perform end of month procedures, including the creation and printing of end of month checks. A non-supervisory clerk was performing these duties.
- Perform monthly supervisory reviews of liabilities, the outstanding check list, fee adjustments, and non-monetary payments.
- Acquire a list of case management reports to run and conduct training on how to review the reports and identify corrections needed.
- Develop written procedures to review delinquent accounts at least quarterly and obtain an order from the Presiding Judge or Court en Banc to write off amounts deemed uncollectible.

Many of the unimplemented recommendations made by the OSCA are also weaknesses discussed in our report.

To ensure the Circuit Clerk's office is operating efficiently and reduce the risk of loss or misuse of funds, recommendations should be reviewed and corrective action taken.

Recommendation

The Circuit Clerk implement recommendations in a timely manner.

Auditee's Response

The Acting Circuit Clerk provided the following response:

Since the state audit began, I have made significant progress in implementing the various recommendations made by OSCA and am in the process of correcting the remaining items.



2. Accounting Controls and Procedures

Significant weaknesses exist with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2013, totaled approximately \$4.6 million. Fines, bonds, and court costs are collected, recorded in the JIS, and deposited into the Circuit Clerk's general bank account by personnel of the Circuit Clerk's office.

2.1 Segregation of duties and supervisory review

The Circuit Clerk's office 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 former Circuit Clerk had not established restrictions on system access and thus, the Acting Circuit Clerk and nineteen court employees have the ability to assess fees, receipt monies, post non-monetary transactions, enter voids, and adjust costs in the JIS, including the clerk primarily responsible for preparing deposits and reviewing daily cashier sessions. As a result, there are instances where the Acting Circuit Clerk and other court employees could be responsible for transactions from initial receipt to disbursement without involvement from other court employees. Neither the Acting 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 possible 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 or supervisory review of work performed is necessary.

A similar condition was noted in a financial review report issued by the OSCA after an on-site visit in December 2012.

2.2 Receipt processing procedures

Control weaknesses exist related to the recording and handling of monies received in the mail. In addition, monies received by the Probate Division are not receipted and deposited timely.

- The court does not record monies received in the mail on a mail log and checks received are not restrictively endorsed immediately upon receipt. Personnel initially open and distribute the mail to the various clerks; however, the employees opening the mail do not record the payments received or apply the endorsement immediately.
- The Probate Clerk does not immediately issue receipt slips for monies received. The court had not issued receipt slips or recorded 15 checks/money orders, totaling \$1,905, for monies on hand during a cash



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count conducted on January 29, 2014. Because a mail log is not maintained, it is unknown how long these checks/money orders had been on hand, but some were dated as far back as December 20, 2013. Receipt slips were not issued for these items until February 25, 2014.

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

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.3 Bank reconciliations

We noted the following concerns during our review of the court's bank reconciliations.

- The Circuit Clerk's office does not perform monthly bank reconciliations of the JIS account. Since December 2012, the OSCA has been performing these reconciliations.
- Reconciling items identified on bank reconciliations performed by the OSCA have not been resolved timely. The December 31, 2013, bank reconciliation included reconciling items, totaling \$9,979, which had not been resolved as of April 2014. The cash receipts totaling \$6,674 from the four deposits misappropriated by a former deputy clerk in 2012 are still shown as reconciling items because the monies have been recorded in the JIS, but have not been deposited to the JIS bank account. Other reconciling items totaling \$3,305, including credit card and debt collection receipts, have not been recorded in the JIS and several non-sufficient funds checks receipted in the JIS have not been resolved.
- The Circuit Clerk's office has not established procedures to follow up on outstanding checks. As of December 31, 2013, JIS records indicate 217 checks, totaling \$37,511, had been outstanding for over a year. Some checks have remained outstanding since June 2010.
- Interest receipts totaling \$5,197 earned on two certificates of deposit between December 28, 2010 and December 31, 2013, have not been recorded in the JIS.

Monthly bank reconciliations and routine investigation and follow up procedures for reconciling items are necessary to ensure all accounting records balance, transactions have been properly recorded, and errors and discrepancies are detected and corrected on a timely basis. Additionally, to properly monitor disbursements and ensure monies are appropriately



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disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.4 Non-monetary, voided, and adjusting transactions

Personnel independent of the receipting process do not review non-monetary and adjusting transactions in the JIS, and supporting documentation for these types of transactions is not always adequate. In addition, while a supervisor indicated she reviews voided transactions in the JIS, this review is not documented. During the year ended December 31, 2013, non-monetary transactions were \$4,519,394 and fee adjustments were \$160,355.

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 all court employees are allowed to enter non-monetary transactions, adjust costs, and void receipts in the JIS without supervisory review or approval. Also, documentation was not adequate for some of these transactions. The JIS can generate various reports to monitor these transactions; however, these reports are not generated and reviewed. Our review of 60 non-monetary transactions and 88 voided transactions identified:

- A docket sheet indicating the judge's approval was not prepared for 3 cases where fees totaling \$2,015 were waived and a non-monetary receipt was recorded.
- Eight cases totaling \$1,472 in which a clerk voided a monetary receipt to correct the payment type or to apply the amount received to the correct case or party; however, either the monetary receipt error was not detected and corrected, and/or the monetary receipt was not re-entered in a timely manner. For example, a credit card receipt of \$145 in December 2012 was entered as a check. The receipt was voided in January 2013 but not reentered as a credit card receipt until May 2013.
- Five cases totaling \$3,202 in which a clerk voided a monetary receipt, but never re-entered the monetary receipt and no explanation was documented for voiding the transactions. For example, a cash receipt of \$1,000 in March 2012 was never re-entered.

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



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of these transactions should be periodically generated and reviewed to ensure posted transactions match the supporting documentation.

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.5 Accrued case costs

The Circuit Clerk's office does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, fines, and other), as required by the court's formal plan for debt. Total accrued costs as of January 28, 2014, were approximately \$7.4 million. The court adopted a formal Administrative Plan for Collections of Court Debt, as required by Court Operating Rule 21.11. This plan requires the court to review accounts receivable reports (accrued case costs) from the JIS and the debt collection vendor at least quarterly and determine if any accounts should be deemed uncollectible and written off by court order. The court has not reviewed the required reports and has not deemed any accounts to be uncollectible.

We noted several cases in which costs were not accurately reflected on the JIS list of accrued case costs. We reviewed 10 of the 193 cases in the system that had outstanding guardian ad litem (GAL) fees. Only 2 of the 10 cases reviewed had GAL fees ordered by the judge to be paid to the court. In the other 8 cases, the parties were ordered by a judge to pay the GAL directly. As a result, the GAL fees for these 8 cases, totaling \$29,474, should not have been recorded to the JIS and debt collection procedures should not have been initiated.

To ensure the accuracy of the accrued case costs, and to provide the Judge and Circuit Clerk with the necessary information to ensure amounts owed are collected and make a determination about collectability, accrued case costs should be reviewed at least quarterly as required by the court's administrative plan.

In addition, the plan has not been updated since January 2012 and does not contain all of the required topics. Topics not included are settlement agreements, coordination with probation and parole, and collection of board bills. Supreme Court Operating Rule 21.11 requires all circuit courts to review and evaluate the formal administrative plan for collection of court debt annually to ensure results are consistent with plan objectives. The rule also requires the plans to include at least the following topics: 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.

Similar conditions were noted in the financial review report issued by the OSCA in December 2012.



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2.6 Liabilities

The former Circuit Clerk did not review cases with liabilities to ensure monies were disbursed in a timely manner. As of December 31, 2013, the Acting Circuit Clerk had also not completed a review of the liability listing totaling \$1,139,976.

As of December 31, 2013, the court was holding \$275,237 on cases that have been disposed, including 113 bonds totaling \$166,000. Further, 144 receipts totaling \$57,784 and 161 bonds totaling \$225,391 had been held by the court in excess of one year.

Procedures to routinely investigate monies remaining on the liabilities list over a specific period of time are necessary to properly monitor and ensure monies are appropriately disbursed as provided by state law. In addition, the court should attempt to identify and distribute the funds held and dispose of any unclaimed or unidentified funds.

A similar condition was noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.7 Inactive bank accounts

The Circuit Clerk's office maintains three inactive bank accounts which should be closed.

- Two accounts, one of which has an unidentified balance of \$432 at December 31, 2013, and the other which is an interest account totaling \$757 at December 31, 2013, were Division III accounts prior to the court's consolidation in 2009.
- The other account, which had no activity since calendar year 2002, has an unidentified balance of \$610 at December 31, 2013. The account was used to fund home studies.

Maintaining inactive accounts increases the risk of misuse of funds. To ensure funds are disposed of properly, the Circuit Clerk's office should dispose of the monies held in inactive bank accounts in accordance with state law and close the accounts.

2.8 Disbursements

The former Circuit Clerk failed to pay some invoices for goods and services in a timely manner. As of October 2013, examples of unpaid invoices included:

- Jury service payments, totaling over \$12,000, to 297 jurors, serving from January 2013 through August 2013.
- Multiple office supplies invoices totaling approximately \$4,800 received between January and August 2013.



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- Several invoices from a drinking water vendor, totaling approximately \$400, from September 2012 to August 2013.

The county paid these liabilities after they were discovered and are no longer outstanding.

In addition, the court erroneously disbursed \$3,700 in garnishment payments to the wrong party between June 2012 and February 2013. The court has been unsuccessful in recovering these monies and therefore has not yet made payment to the correct litigant.

Procedures should be in place to ensure payments are made in accordance with court orders and judgments, and invoices for goods and services are paid timely to avoid late charges.

2.9 Voided checks

The Circuit Clerk's office has not developed formal policies and procedures related to voided checks. The former Circuit Clerk voided 3 checks totaling \$169 in the JIS but did not issue stop-payment orders, and these checks later cleared the bank. In addition, between December 2010 and July 2013, the court received 112 checks totaling \$25,048 that were returned as undeliverable. The former Circuit Clerk did not issue stop-payment orders, the checks were not defaced, and the checks were not voided in the JIS. Instead, the former Circuit Clerk maintained them in a drawer in her office. Further, as indicated in finding number 2.3, no follow up was performed on these outstanding checks.

To ensure voided and returned checks are handled and accounted for properly, the court should establish formal policies and procedures that include issuing stop payment orders, defacing the check so it cannot be negotiated, and voiding the check in the JIS.

Recommendations

The 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 Record and process receipts timely and restrictively endorse checks immediately upon receipt.
- 2.3 Perform timely monthly bank reconciliations, resolve reconciling items timely, and establish procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.



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- 2.4 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. In addition, the Circuit Clerk should periodically generate and review reports of these transactions.
- 2.5 Develop procedures to review a complete and accurate list of accrued costs at least quarterly. In addition, the formal administrative plan for collection of court debt should be updated annually and should include all topics required.
- 2.6 Establish procedures to review the status of liabilities monthly to determine the appropriate disposition of funds.
- 2.7 Dispose of monies held in the inactive bank accounts in accordance with state law, and close the accounts.
- 2.8 Ensure invoices for services are paid timely, and recover the payment the court made in error and disburse those funds to the appropriate party.
- 2.9 Establish formal policies and procedures for voided and returned checks.

Auditee's Response

The Acting Circuit Clerk provided the following response:

- 2.1 *I have already taken steps to limit user access within JIS. Void transactions are now only entered by 5 employees who do not receive monies and I will continue to work on improving control procedures.*
- 2.2 *I will investigate the viability of implementing new procedures for mail in receipts, but at a minimum I will ensure cash received in the mail is logged. I will discuss receipt and deposit procedures for the Probate Division with the Presiding Judge, who will ensure this concern is resolved.*
- 2.3 *The court plans for the new incoming Circuit Clerk to take over the bank reconciliation procedures once she takes office in January 2015. I have already assigned an employee to review outstanding checks and this issue will be resolved soon.*
- 2.4 *I am in the process of implementing control procedures related to non-monetary and adjusting transactions and have already implemented controls over voids. I will implement a process to*



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ensure a report of non-monetary and adjusting transactions is printed and reviewed monthly.

2.5 *I will work with the judges in the circuit to implement this recommendation.*

2.6 *I agree and will implement this recommendation.*

2.7&

2.8 *These recommendations have been implemented.*

2.9 *I will discuss this recommendation with the incoming Circuit Clerk and ensure she is aware of the issue.*

The Presiding Circuit Judge provided the following response:

2.5 *I will discuss this recommendation with the other judges at the next court en banc meeting and will work with them to update the court plan and develop procedures with the newly elected Circuit Clerk to write off uncollectable amounts in the future.*

3. Case Disposition

Court personnel do not always properly record the final disposition of each case in the JIS and do not periodically review the report of open cases. We obtained case reports from OSCA for 2013 which identified 1,220 cases that were suspended because court personnel canceled a future court date and did not reschedule a new court date. When case activity is suspended, the case no longer appears on the court docket and cannot be properly disposed.

Our review of 25 suspended cases identified 10 cases (40 percent) which should have been disposed because judgment was made and the related costs were satisfied. However, because the disposition has not been entered, these cases still appear on the open cases report. These errors occurred because the clerks failed to record all activity on the docket sheets or schedule subsequent court dates, and went undetected because there was no review of the open cases report.

Without procedures to ensure the proper disposition of all cases has been entered in the JIS, the court cannot be assured all cases are properly handled and associated costs are assessed.

A similar condition was noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

Recommendation

The Circuit Clerk ensure the disposition of cases is properly recorded in the JIS and the report of open cases is periodically reviewed.



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Auditee's Response

The Acting Circuit Clerk provided the following response:

This will be brought to the attention of the newly elected Circuit Clerk and procedures will be put in place to review the management reports regularly.

4. Law Library

Weaknesses were identified with accounting controls and procedures of the Law Library Fund. According to financial records, Law library receipts collected during the year ended December 31, 2013, were approximately \$56,000.

4.1 Segregation of duties and supervisory review

The court has not adequately segregated the accounting duties or performed independent reviews of the law library bank account and financial activities. The Acting Circuit Clerk performs all accounting duties including depositing monies, recording receipts, writing and signing checks, and reconciling the account.

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

4.2 Capital assets

Court personnel do not maintain an inventory list of law library materials and could provide no documentation that physical inventories of law library materials were performed. Court personnel indicated expenditures for law library publications, subscriptions, equipment, and other materials totaled approximately \$36,000 during the year ended December 31, 2013.

The law library, which includes legal publications and technical equipment, 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.

Recommendations

The Court En Banc and the Circuit Clerk:

- 4.1 Ensure accounting duties are adequately segregated or independent reviews are performed periodically.
- 4.2 Ensure periodic physical inventories of law library materials are performed, reconciled to inventory records, and documented.



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Auditee's Response

The Acting Circuit Clerk and Presiding Circuit Judge provided the following response:

- 4.1 *We will bring this recommendation to the attention of the newly elected Circuit Clerk and in the future we will ensure a supervisory review of all law library transactions is performed.*
- 4.2 *This has been implemented.*

5. Missing Records

The former Circuit Clerk did not properly maintain certain court records. In 2013, the former Circuit Clerk hired temporary employees to purge and scan court records, and numerous documents previously contained in case files can no longer be located. Court personnel cannot locate various case file records, including an entire case file, exhibits, child support amount calculation worksheets, summons, judgments, and court orders. According to current court personnel, the former Circuit Clerk did not properly train or supervise these temporary employees as they purged records from case files.

Section 483.082, RSMo, requires court clerks to keep such records of the courts in such a manner as directed by rule of the supreme court to accurately record all essential matters relating to the causes and matters which are and have been pending before the court, including pleadings, motions and related documents, transactions, orders and judgments or related decrees showing the course and disposition of causes and matters, the taxing and collection of court costs, and the setting of trial calendars or dockets of pending cases.

Recommendation

The Circuit Clerk ensure court records are properly maintained.

Auditee's Response

The Acting Circuit Clerk provided the following response:

This was an isolated incident related to a project initiated by the former Circuit Clerk. Since I have taken over as Acting Circuit Clerk, all court records have been properly maintained.

The Presiding Circuit Judge provided the following response:

This project was terminated and a new policy regarding record retention has been adopted.

6. Juvenile Office Reconciliation Procedures

The Juvenile Officer does not properly identify and resolve monies remaining in the bank account at the end of the month. According to financial records, juvenile restitution collected during the year ended December 31, 2013, was approximately \$20,000.



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As of December 31, 2013, the Juvenile Officer bank account contained an unidentified balance of \$358. The Juvenile Officer indicated all monies received are disbursed immediately upon receipt. As a result, the bank account should have a zero balance after each disbursement. However, we determined the office had collected \$545 more in restitution than ordered from a defendant and overpaid a victim \$187, resulting in the balance of \$358.

Procedures to ensure all receipts are properly disbursed are necessary to ensure accounting records are in balance and to identify errors in a timely manner. Unidentified monies should be disposed of in accordance with state law.

Recommendation

The Juvenile Officer seek reimbursement for the overage paid to the victim and refund the overpayment to the appropriate party.

Auditee's Response

The Juvenile Officer provided the following response:

The overage has been collected and the refund has been made.

Seventeenth Judicial Circuit

Cass County

Organization and Statistical Information

The Seventeenth Judicial Circuit consists of Cass County as well as Johnson County.

The Seventeenth Judicial Circuit consists of two circuit judges and five associate circuit judges. The circuit judges hear cases in Cass and Johnson Counties. Of the five associate circuit judges, three are located in Cass County and two in Johnson County. Circuit personnel located in Johnson County are not included in the scope of the audit.

Personnel

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

Title	Name
Circuit Judge, Division I	William B. Collins
Circuit Judge, Division II	Michael Wagner
Associate Circuit Judge, Division III	Meryl L. Lange
Associate Circuit Judge, Division IV	J. Michael Rumley
Associate Circuit Judge, Division V	Dan Olsen
Circuit Clerk	Amy Bell
Acting Circuit Clerk (1)	Kim Fitzgerald
Juvenile Officer	Beverly Newman

(1) Kim Fitzgerald was appointed as Acting Circuit Clerk in September 2013 after Amy Bell, former Circuit Clerk, was suspended in August 2013. Amy Bell resigned her position on July 1, 2014.

In addition, the Seventeenth Judicial Circuit, Cass County employed 19 full-time employees and 4 part-time employees on December 31, 2013.

Financial Information

Receipts of the Seventeenth Judicial Circuit, Cass County, were as follows:

	Year Ended December 31, 2013
Court deposits, fee, bonds, and other	\$4,612,211
Juvenile restitution	20,039
Interest income	1,123
Total	\$4,633,373



Seventeenth Judicial Circuit
Cass County
Organization and Statistical Information

Caseload Information

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

	Year Ended June 30, 2013
Civil	4,600
Criminal	6,664
Juvenile	300
Probate	363
Total	11,927