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Thirteenth Judicial Circuit

Boone County



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CITIZENS SUMMARY

Findings in the audit of the Thirteenth Judicial Circuit, Boone County

<p>Recusal</p>	<p>In accordance with <i>Government Auditing Standards</i>, the State Auditor has recused herself from participation in this audit and has directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff.</p>
<p>Circuit Clerk's Accounting Controls and Procedures</p>	<p>The Circuit Clerk 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 Circuit Clerk has not performed periodic reviews of user access to data and other information in the JIS to ensure access rights are commensurate with job responsibilities and remain appropriate. The Circuit Clerk does not have adequate receipting procedures in place. Personnel independent of the receipting process do not review and approve non-monetary, adjusted and voided transactions in the JIS. The Circuit Clerk does not reconcile the general bank account timely. The Circuit Clerk has not adequately reviewed cases with liabilities to ensure bond, garnishments or other monies are disbursed timely. The Circuit Clerk and the court do not periodically review accrued case costs owed to the court. The Circuit Clerk has not established proper controls or procedures for manual receipt slips and books. The Circuit Clerk does not properly safeguard or limit access to records and monies.</p>
<p>Court Administrator's Accounting Controls and Procedures</p>	<p>The court has not adequately segregated accounting duties or performed adequate supervisory or independent reviews of the Court Administrator's financial activities. The Court Administrator does not have adequate receipting procedures nor are there proper procedures to ensure reimbursement claims for monies due from Callaway County and juvenile justice grant monies are submitted timely. The Circuit Court Drug Fund and the Family Services and Justice Fund have accumulated a significant cash reserve without any specific plans for its use.</p>
<p>Juvenile Justice Center</p>	<p>The Court Administrator has not adequately segregated accounting duties or performed supervisory or independent reviews of the Juvenile Justice Center's (JJC) financial activities. JJC personnel do not always issue prenumbered receipt slips, maintain a mail log or transmit receipts timely. The JJC has not ensured receipts are properly safeguarded from inappropriate access.</p>

Law Library

The court has not adequately segregated the accounting duties or performed independent reviews of the law library bank account and financial activities. Court personnel do not maintain an inventory list of law library materials and could provide no documentation to show that physical inventories of law library materials were performed. The Law Library Fund has accumulated a significant cash reserve without any specific plans for its use.

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

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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NICOLE R. GALLOWAY, CPA
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Thirteenth Judicial Circuit
Boone County, Missouri

In accordance with *Government Auditing Standards*, the State Auditor has recused herself from participation in this audit and has directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff. We have audited certain operations of the Thirteenth Judicial Circuit, Boone 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, 2014. 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 Boone 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) no significant noncompliance with legal provisions, and (3) noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Thirteenth Judicial Circuit, Boone County.



John Luetkemeyer, CPA
Deputy State Auditor

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Thirteenth Judicial Circuit

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Management Advisory Report - State Auditor's Findings

1. Circuit Clerk's Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2014, totaled approximately \$6.2 million. Fines, bonds, garnishments, court costs and other receipts are collected; recorded in the Judicial Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's general bank account by personnel of the Consolidated Circuit Court offices.

1.1 Segregation of duties and supervisory review

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS (as further discussed in section 1.2), and adequate supervisory reviews of accounting records are not performed. The Circuit Clerk and 44 employees have the ability to assess fees, receipt monies, post non-monetary transactions, void transactions, and adjust costs in the JIS. In addition, the Circuit Clerk and 19 of these employees have the ability to prepare deposits and disbursements in the JIS. The Circuit Clerk indicated typically 2 supervisors prepare deposits (with the Circuit Clerk as the backup), the Circuit Clerk prepares the bank reconciliation, and the Circuit Clerk, the 2 supervisors, and 2 other employees typically prepare disbursements. As a result, there are instances where the Circuit Clerk and some court employees could be responsible for transactions from initial receipt to disbursement without involvement from other court employees.

In addition, 10 Court Administrator employees have the ability to assess fees, receipt monies, post non-monetary transactions, void transactions, and adjust costs in the JIS and one of those employees also has the ability to prepare deposits and disbursements in the JIS. These Court Administrator employees assess and/or collect court costs and other receipts related to the Juvenile Office and the Juvenile Justice Center (JJC). The Circuit Clerk is responsible for depositing these monies, and for segregation of duties and supervisory review of the transactions posted by the Court Administrator's employees in the JIS.

Neither the Circuit Clerk nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by court employees to ensure transactions are appropriate.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties to the extent possible, and performing adequate independent or supervisory reviews of work as appropriate.



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1.2 Periodic review of user accounts

The Circuit Clerk has not performed periodic reviews of user access to data and other information in the JIS to ensure access rights are commensurate with job responsibilities and remain appropriate.

We obtained a data file from the Office of State Courts Administrator (OSCA) of user accounts having access to the JIS as of December 2014. This report showed 58 employees had 74 user accounts in the JIS, as some employees had multiple user accounts. Upon our request, the Circuit Clerk reviewed the 74 user accounts with access to the JIS and identified 54 user accounts (of 45 employees) had unnecessary access based on current job responsibilities. As a result, most users had more access than required to perform their job responsibilities. For example, the Circuit Clerk indicated 16 of the 19 employees had unnecessary access to review and approve daily cashier sessions, prepare deposits, disbursements, and process month-end reports.

A periodic review of user accounts ensures the right type and level of access has been provided. Otherwise, user accounts and access may be granted to or maintained for users who should not have access.

1.3 Receipting procedures

The Circuit Clerk does not have adequate receipting procedures in place.

Court personnel do not record monies received in the mail on a mail log and checks or money orders received are not restrictively endorsed immediately upon receipt.

We conducted a cash count on December 16 and December 17, 2014, and identified 89 checks and money orders on hand, totaling \$5,855. The checks had dates ranging from August 12, 2014, to December 9, 2014. It is unknown how long these checks and money orders had been on hand, but the extensive date range of the checks may indicate some monies are not being recorded timely. In addition, we identified 28 checks or money orders that were not restrictively endorsed immediately upon receipt.

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, and checks and money orders should be restrictively endorsed immediately upon receipt.

1.4 Non-monetary, voided, and adjusting transactions

Personnel independent of the receipting process do not review and approve non-monetary, adjusting, and voided transactions in the JIS. Non-monetary transactions totaled approximately \$4.5 million, case fee adjustments totaled \$170,224, and voided transactions totaled \$205,189, during the year ended December 31, 2014.



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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. As noted in section 1.1 above, the Circuit Clerk, 44 of her employees, and 10 court administrator employees have the ability to enter non-monetary transactions, adjust costs, and void receipts in the JIS. Personnel independent of the receipting process do not perform a review of JIS reports of adjusting and non-monetary transactions. These reviews are performed by supervisors involved in the receipting process. In addition, the Circuit Clerk indicated no independent review is performed of non-monetary garnishment payout transactions which are primarily handled by one employee. Those garnishment transactions totaled approximately \$2.4 million during 2014.

In October 2014, the Circuit Clerk issued guidance to staff limiting the use of voided receipt transactions in JIS to 3 court employees; however, other employees continued to post voided transactions. All employees used the same password to void receipt transactions in the JIS and the password had not been changed in several years. During 2014, we identified 16 employees processed a monetary voided receipt transaction in the JIS.

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

1.5 Bank reconciliations and liabilities

The Circuit Clerk procedures regarding monthly bank reconciliations and liabilities need improvement.

Bank reconciliations

The Circuit Clerk does not reconcile the general bank account timely. As of December 2014, the Circuit Clerk had not completed monthly bank reconciliations since April 2014. As of March 2015, the Circuit Clerk had completed bank reconciliations through June 2014. The Circuit Clerk indicated the reconciliations had not been completed timely because office personnel had been trying to identify reconciling differences primarily associated with the February 2014 implementation of the eFiling system, a web-based document filing and on-line payment system, in the JIS. The Circuit Clerk has requested assistance from the OSCA to determine the reasons for the reconciling differences.

Court Operating Rule (COR) 4.59 requires reconciliation of all bank balances and open items records at least monthly. In addition, monthly bank reconciliations and routine investigation and follow-up procedures for



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reconciling items are necessary to ensure all accounting records balance, transactions have been properly recorded, and errors and discrepancies are detected and corrected timely.

Liabilities

We noted the following concerns during our review of the Circuit Clerk's liabilities.

- The Circuit Clerk has not adequately reviewed cases with liabilities to ensure bonds or other monies are disbursed timely. Our review of the JIS liabilities report generated on May 31, 2014, identified cases with a final case disposition date more than one year old and for which monies had been held more than one year including 11 bonds totaling \$7,343 and 119 receipts (in an open items/suspense account) totaling \$7,109.
- The Circuit Clerk has not disbursed garnishments timely. The court's procedure is to disburse the garnishment receipts within the 10-day holding period as established by Supreme Court rule. However, as of May 31, 2014, the Circuit Clerk was holding approximately \$4,176 in garnishment monies due to garnishors, which had been held more than 10 days.

Procedures to routinely investigate monies remaining on the liabilities list over a specified period of time are necessary to properly monitor and ensure monies are appropriately disbursed. In addition, the Circuit Clerk should attempt to identify and distribute the funds held and dispose of any unclaimed or unidentified funds. Also, Supreme Court Rule 90.11 states garnishments paid shall be disbursed to the garnishor by the clerk, less costs, within 10 days and without an order of the court if the garnishee has not requested an allowance under Supreme Court Rule 90.12(a). Procedures should be established to ensure disbursement of garnishment payments are timely and in accordance with the Supreme Court rule.

1.6 Accrued case costs

The Circuit Clerk and the court do not periodically review accrued case costs owed to the court (fines and court costs, incarceration costs, and court-ordered restitution). Accrued costs as of January 5, 2015, totaled approximately \$8.4 million and included accrued case costs over 5 years old of approximately \$4.4 million. In addition, the court has not created payment plans for all amounts not paid in full at case disposition.

- The court does not follow its formal administrative plan for collection of court debt. In August 2013, the court adopted a formal Administrative Plan for Collection of Court Debt, as required by COR 21.11. This plan calls for the Circuit Clerk to review accounts receivable reports (accrued case costs) from the JIS and the debt collection vendor annually for cases with amounts due 5 or more years old for which no payment has been received in the last year. The



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purpose of this review is to make the court aware of cases in which responsible parties have failed to meet their financial obligations so the court can take appropriate action such as the issuance of show cause orders or the establishment of payment plans. If amounts due are deemed uncollectible, they may be written off by court order. The court has not performed adequate reviews of the required reports and thus, has not complied with the court debt collection plan.

- The court has not established payment plans in the JIS for all amounts not paid in full at case disposition as required by state court operating rules. As of January 5, 2015, 886 cases with balances due totaling approximately \$743,000 were not associated with payment plans. The Circuit Clerk indicated about \$524,000 of this balance related to cases from prior to the conversion to the JIS in 2000.

The formal administrative plan for collection of court debt requires the court to review accounts receivable reports developed by the OSCA and the debt collection vendor. To ensure the accuracy of the accrued case costs, and to provide the Judge and Circuit Clerk with the necessary information to make a determination about collectability, accrued case costs should be reviewed at least annually in compliance with the court's administrative plan. Accounts deemed uncollectible may be written off by court order by the assigned judge. Adherence to the provisions of COR 21, as adopted by the Missouri Supreme Court, is required for courts automated on the JIS. COR 21.07 requires all courts using the JIS to participate in the tax offset and debt collection programs and requires the court to create payment plans in the JIS for all amounts not paid in full at case disposition. Failure to follow these rules could result in lost revenues.

1.7 Manual receipt slips

The Circuit Clerk has not established proper controls or procedures for manual receipt slips and books. We obtained all available manual receipt slip books, 85 in total, which were located in various locations throughout the court, including the Juvenile Office and the JJC. These 85 books pertained to receipts for the period of 2005 through 2014. Multiple manual receipt slip books were used concurrently and some receipt slip books no longer in use contained numerous receipt slips that had not been used. By March 2014, the Circuit Clerk implemented new procedures, and manual receipt slips are now only used when the JIS is unavailable or as authorized by order of the Presiding Judge. We noted the following concerns during a review of the manual receipt slips:

- The Circuit Clerk issues generic prenumbered manual receipt slips rather than official prenumbered receipt slips. In addition, the Circuit Clerk does not maintain a comprehensive list of manual receipt slip books purchased or distributed.



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- The method of payment was not recorded on 18 (13 percent) of the 135 manual receipt slips issued during 2014.
- Receipt slips are not accounted for properly. Our review of the 2014 manual receipt slips identified 4 manual receipt slips for which both the original and carbon copy were torn from the receipt slip book and not retained. Circuit Clerk personnel subsequently determined 2 of the 4 receipt slips were issued during 2013 and were recorded in the JIS. However, the Circuit Clerk could not account for the other 2 receipt slips.
- There is no independent review to ensure manual receipt slips issued are properly recorded in the JIS and the related monies are subsequently deposited. Receipts are only included in daily deposits if they are recorded in the JIS as monetary transactions.
- The court has not ensured manual receipt slip books are properly safeguarded from unnecessary access. The receipt slip books were maintained in various locations throughout the court. Multiple employees can access these locations that do not need access to the receipt slip books to perform their duties.

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 official prenumbered manual receipt slips, limiting or restricting use, accounting for the numerical sequence, indicating the method of payment, and ensuring proper and timely recording of manual receipt slip receipts in the JIS. In addition, effective January 1, 2014, COR 4.53.2 restricts courts using the JIS or other approved local automated systems to only issue manual receipt slips when the automated system is unavailable or as authorized by order of the presiding judge.

1.8 Safeguarding of records and monies

The Circuit Clerk does not properly safeguard or limit access to records and monies. Processed receipts, blank checks, signed checks, and the signature stamps of the Circuit Clerk and supervisor are maintained in areas accessible to multiple employees, some of which do not need access to these items to perform their job duties. In addition, employees who use the signature stamp do not initial to indicate use nor is there any review of the checks stamped.

Without adequate safeguards over records and monies, there is the increased risk of inappropriate access. To reduce the risk of loss, theft, or misuse of funds, processed receipts, blank and signed checks, and the signature stamps, should be adequately safeguarded and proper controls established over use of the signature stamps.



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Recommendations

The Circuit Clerk:

- 1.1 Segregate accounting duties, limit user access rights in the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.
- 1.2 Periodically review user access to data and other information resources within the JIS to ensure access rights are commensurate with job duties and responsibilities.
- 1.3 Improve controls over mail receipts and restrictively endorse all checks and money orders immediately upon receipt.
- 1.4 Ensure adequate documentation is maintained to support all non-monetary, adjusting, and voided transactions, and ensure an independent review and approval of these transactions is performed and documented. In addition, the Circuit Clerk should require the voided receipt transaction password be changed periodically.
- 1.5 Perform monthly bank reconciliations, resolve reconciling items and make appropriate adjustments to the accounting records timely. In addition, the Circuit Clerk should establish procedures to review the status of liabilities to determine the appropriate disposition of funds held and establish procedures to ensure garnishment payments are disbursed timely and in accordance with the Supreme Court rule.
- 1.6 Develop procedures to review accrued costs and uncollectible accounts at least annually in compliance with the court's administrative plan. In addition, the Circuit Clerk should ensure payment plans are established in accordance with court operating rules.
- 1.7 Obtain and establish adequate controls over official receipt slip books. In addition, the Circuit Clerk should account for the numerical sequence of receipt slips issued. The Circuit Clerk should also ensure manual receipt slip receipts are recorded timely in the JIS and reviewed and reconciled to the JIS and to the related deposits by someone independent of the receipting process.
- 1.8 Ensure processed receipts, blank and signed checks, and signature stamps are properly secured and safeguarded and controls are established over the signature stamps.



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Auditee's Response

1.1 *JIS user access rights were addressed as noted below in section 1.2.*

Accounting duties were segregated as follows:

- a. *Receipting/disbursing/check printing access: All staff members with these rights were identified and appropriate changes made. The garnishment initiation clerk is no longer receipting funds from employers, disbursing funds, or printing checks and these duties were assigned to other staff.*
- b. *Adjustments/voids: Adjustments are only performed by supervisory staff. The process is documented and new request forms were developed. Closed session voids can only be performed by the Circuit Clerk, Unit Manager and the Accounting Supervisor. Same or active session voids can be performed by supervisory staff.*
- c. *Review/Monitoring: Processes were implemented for daily close outs, cash bonds, non-monetary receipts, adjustments, voids, and manual receipt slips.*

1.2 *The Circuit Clerk will perform an annual review of security rights of all staff. However, if duties change for a specific staff member, when the transfer is made security rights will be reviewed at that time to ensure they have the appropriate rights. The 16 employees with unnecessary account access were resolved on or before February 15, 2015.*

1.3 *Checks and money orders received daily in the mail are now restrictively endorsed immediately upon delivery to the appropriate division to be receipted on the day of receipt. Boone County is unique in that we receipt money for the Sheriff's Department from other counties or states, which can result in the appearance of a delay in receipting due to the issued date of the check. These monies are now restrictively endorsed immediately and receipted daily. Receipts are reconciled during the daily close out process.*

1.4 *The non-monetary receipt reports were being verified; however, verification was not done by independent personnel nor were the reviews documented. We began documenting reviews on December 18, 2014. Effective July 1, 2015, reviews will be done and documented by independent personnel. Effective April 1, 2015, adjusting and voiding transactions are being documented, maintained, and reviewed based on the processes developed. The password for voids and adjustments was changed on April 1, 2015, will be changed periodically, and is only known by the supervisors.*



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- 1.5 *The court went live on eFiling February 3, 2014. Prior to this, monthly bank reconciliations were performed in a timely manner and were current. Due to the changes in eFiling accounting processes and procedures, the reconciliation was attempted, however not fully reconciled. The OSCA was made aware and assistance was requested from the live date to year to date. The open items account is managed monthly by reviewing the pending open items balances to the status of the associated cases. The \$4,176 garnishment money held in open items was addressed on April 3, 2015, and to date is current with payouts. Effective April 3, 2015, a judicial order was entered for immediate payout to the trustee on bankruptcy cases.*
- 1.6 *The Court en Banc discussed and voted on April 7, 2015, to enter an order for cases with a balance older than 10 years to be written off as uncollectible. An order was issued on June 23, 2015. These cases are being identified and appropriate adjustments will be made. Payment plans are being established as ordered by the court for the collection of appropriate fees. Please note due to the conversion from MOCIS to Banner/JIS in 2000, payment plan functionality was not available, therefore numerous cases converted without a payment plan. This old debt will be resolved with the order that was issued and noted above.*
- 1.7 *Manual receipt slips books were collected and changes to the manual receipt slip process were implemented on February 1, 2015. Reviews of the manual receipt slips books are currently being completed; however, someone independent from the receipting process will begin to perform monthly reviews on July 1, 2015. This process will be performed monthly and documented. As noted in our responses to sections 1.1 and 1.3 above, additional control processes over receipts have been established.*
- 1.8 *All checks are now kept in a locked cabinet with limited and monitored access. All signature stamps were collected and disposed of except for required stamps, which are now maintained in a secure location with limited access. Processed receipts are kept in a locked safe and access has now been limited.*



2. Court Administrator's Accounting Controls and Procedures

We identified weaknesses with accounting controls and procedures of the Court Administrator. The Court Administrator receives and transmits monies related to grants, reimbursements from the Callaway County Circuit Court for costs incurred on behalf of Callaway County, and drug court, family court, and juvenile office receipts. The Court Administrator transmitted approximately \$181,000 to the Boone County Treasurer during the year ended December 31, 2014.

2.1 Segregation of duties and supervisory review

The court has not adequately segregated accounting duties or performed adequate supervisory or independent reviews of the Court Administrator's financial activities. One clerk is primarily responsible for the duties of billing, receipting, recording, and transmitting monies to the Boone County Treasurer, and performing reconciliations between Court Administrator records and the county's financial system. The supervisory or independent reviews performed are not adequate to ensure proper recording and transmittal of monies received.

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 Receipting procedures

The Court Administrator does not have adequate receipting procedures in place. Court Administrator personnel do not issue receipt slips or maintain a mail log. A listing of the monies on hand is recorded on a transmittal form when the monies are transmitted to the Boone County Treasurer.

An initial record of monies received combined with procedures to reconcile these monies to the financial and transmittal records is necessary to reduce the risk of loss, theft, or misuse of funds.

2.3 Billing procedures

The Court Administrator does not have proper procedures to ensure reimbursement claims for monies due from Callaway County and juvenile justice grant monies are submitted timely. We requested Court Administrator personnel identify the reimbursement requests that had not been billed for the year ended December 31, 2014. As of February 2015, personnel identified at least \$55,800 had not been billed for 2014. Of the \$55,800, at least \$12,900 related to billing claims that could have occurred between August and November 2014.

Failure to prepare or submit timely reimbursement claims could result in a loss of revenue to the county.



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2.4 Excessive fund balances The Circuit Court Drug Fund and the Family Services and Justice Fund have accumulated a significant cash reserve without any specific plans for its use. The fees assessed provide significantly more revenue than is necessary to maintain the current operations of these funds.

The Circuit Court Drug Fund ending cash balance of \$297,600 at December 31, 2014, is approximately 4.5 times the 2014 disbursements total of \$66,053. The court has set drug court fees at \$50 per month. Fees for driving while intoxicated cases were \$150 per month for clients entering the program prior to February 2014, \$50 per month for clients entering the program during February through July 2014, and \$125 per month for clients entering the program during August through December 2014. Section 478.001, RSMo, authorizes the court to receive fees for substance abuse treatment programs. Section 478.007, RSMo, authorizes the court to assess all necessary costs for participation in the driving while intoxicated treatment program against the participant. The amount of fees and costs is not set by statute and the court has discretion to set the amounts assessed.

The Family Services and Justice Fund ending cash balance of \$94,700, is approximately 3 times the 2014 disbursements total of \$31,663. Section 488.2300, RSMo, indicates the Family Court fee is set at \$30 per case. The court also imposes other fees in certain cases based upon participation in specialized programs.

The court should determine future needs and consider reducing or suspending collection of these fees when applicable, until needed or until a plan to utilize these funds is developed.

Recommendations

The Court Administrator:

- 2.1 Segregate accounting duties to the extent possible or ensure an adequate supervisory or independent review of accounting records is performed and documented.
- 2.2 Ensure a mail log is maintained and prenumbered receipt slips are issued for all monies immediately upon receipt.
- 2.3 Establish procedures to ensure all amounts owed to the court are timely billed.
- 2.4 Work with the Court en Banc to determine the court's future needs and develop a plan to utilize the monies available or consider reducing the fees assessed.

Auditee's Response

- 2.1 *While one clerk will continue to have the primary duties of billing, receipting, recording, and transmitting monies; effective July 1,*



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2015, the Deputy Court Administrator will review Boone County's monthly subsidiary report for each department under the Court Administrator, and cross-check it with the court's budget system and requisitions to ensure all monies were properly received, recorded and transmitted. The Juvenile Justice Center will perform its own cross-check as noted in the response to section 3.1.

- 2.2 *Effective June 18, 2015, the receptionist in the Court Administrator's office is responsible for maintaining a mail log of all monies received in the Court Administrator's office both through the mail and interoffice mail from other departments. In addition, the Court Administrator clerk who receives electronic payment notices will forward those notices to the receptionist who will add the electronic notices to the mail log. Further, effective July 1, 2015, all offices under the Court Administrator will maintain a similar mail log. Starting May 20, 2015, the Court Administrator's office began using prenumbered carbon copied receipt slips that include the unique Thirteenth Circuit heading and address to ensure it is a receipt specific to the Court Administrator's office. These prenumbered receipts are issued immediately upon acceptance of funds.*
- 2.3 *The Court Administrator's Office is in the process of creating a monthly check list of all agencies that pay funds to the Court Administrator or departments under the Court Administrator. This list will be used effective July 1, 2015, and will be checked on a monthly basis by the Court Administrator to ensure timely billing.*
- 2.4 *The Boone County Drug Court Fund and Family Services and Justice Fund both have high balances.*

Annually, the Thirteenth Circuit applies for grant funding from the Drug Court Coordinating Commission for funds for the Drug Court, DWI Court, and Veterans Treatment Court. For 2015-2016, the circuit was awarded \$353,745 for the Boone County Drug Court, \$5,000 for the Boone County DWI Court, and \$3,402 for the Veterans Treatment Court. One year of not receiving the grant funds would wipe out the entire Drug Court Fund, therefore a high balance is necessary. In addition, contract agencies may change the cost of their services on an annual basis, and the number of participants in each court may vary from year to year. Specifically, it is anticipated that the current Drug Court population will significantly increase over the next few years due to a grant, but the fund will need to be used to help continue services after the grant. For these reasons, it is necessary to maintain a high balance in this fund.



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The Family Services and Justice Fund was previously (until September 2013) used to reimburse the state for the Family Court Commissioner's salary and benefits pursuant to statute. At that time, the circuit was concerned about the fund's ability to continue to reimburse these costs due to dwindling funds. There was a legislative change in 2013 so that after September 2013, the Thirteenth Circuit no longer needed to reimburse the state for the Family Court Commissioner. The court intentionally allowed this fund to grow in 2014 and, in 2015, has budgeted \$20,000 for professional services and contract services to help families in the Family Court as allowed under Section 488.2300, RSMo. We are currently drafting our budget for 2016 and consideration is being given to additional statutory ways in which we may utilize the fund to improve services to families.

3. Juvenile Justice Center

We identified weaknesses with accounting controls and procedures of the JJC. For the year ended December 31, 2014, the county's financial records indicate at least \$156,000 in receipts was received from the JJC. Financial activity of the JJC falls under the supervision of the Court Administrator.

3.1 Segregation of duties and supervisory review

The Court Administrator has not adequately segregated accounting duties or performed supervisory or independent reviews of the JJC's financial activities. The office manager is primarily responsible for the duties of billing, receipting, recording, and transmitting monies to the Boone County Treasurer; preparing and approving disbursements; and performing reconciliations between JJC records and the county's financial system. No supervisory or independent reviews of the office manager's work were performed.

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.

3.2 Receipting procedures

The JJC does not have adequate receipting procedures.

- JJC personnel do not always issue prenumbered receipt slips, maintain a mail log, or transmit the receipts to the Boone County Treasurer timely. In addition, checks are not always restrictively endorsed immediately upon receipt.

Our December 17, 2014, cash count identified at least 4 receipts, totaling \$4,531, had not been issued a receipt slip. The Court Administrator does not require receipt slips to be issued or a mail log to be maintained. It is unknown how long these receipts had been on hand,



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but some checks dated back to November 24, 2014, indicating some monies are being held and are not being transmitted timely. The JJC office manager indicated transmittals normally occur weekly. In addition, we identified 3 checks totaling \$4,523 were not restrictively endorsed immediately upon receipt.

- The JJC has not ensured receipts are properly safeguarded from inappropriate access. Receipts were located on an employee's desk, in an unlocked desk drawer and in a wall-mounted lockbox. The key to the lockbox was in an unlocked desk drawer. The room is locked when the responsible individual is not present. However, multiple employees also have access to the locked room. Those employees do not need access to these items to perform their job duties.

An initial record of monies received combined with procedures to reconcile these monies to the financial and transmittal records is necessary to adequately safeguard receipts. In addition, restrictively endorsing checks immediately upon receipt, maintaining receipts in a secure location until transmitted, and transmitting all receipts in a timely manner would reduce the risk of loss, theft, or misuse of funds.

Recommendations

The Court Administrator:

- 3.1 Segregate accounting duties to the extent possible or ensure an adequate supervisory or independent review of accounting records is performed and documented.
- 3.2 Ensure a mail log is maintained and prenumbered receipt slips are issued for all monies immediately upon receipt, checks are restrictively endorsed immediately upon receipt, and receipts are transmitted timely. In addition, the Court Administrator should ensure monies are properly secured and safeguarded.

Auditee's Response

- 3.1 *While one employee will continue to have the primary duties of billing, receipting, recording, and transmitting monies; effective July 1, 2015, the Juvenile Justice Center Superintendent will assign one of his two coordinators (a supervisory position) to review the Boone County monthly subsidiary report for the Juvenile Justice Center, and crosscheck it with the court's budget system and requisitions to ensure all monies were properly receipted, recorded and transmitted.*
- 3.2 *Effective July 1, 2015, the receptionist at the Juvenile Justice Center (JJC) will be responsible for maintaining a mail log of all monies received at the center both through the mail and electronically. The Judicial Information System (JIS) generates*



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receipts for all situations when clients are paying court-ordered fees. When JIS is not available, a manual receipt slip may be used. Starting May 20, 2015, the JJC began using prenumbered carbon copied receipt slips that include the unique JJC heading and address to ensure it is a receipt specific to the center. These prenumbered receipt slips are issued immediately upon acceptance of funds. The clerical staff will restrictively endorse checks immediately upon receipt. When clerical staff are not at work or in the office, receipt slip books will be secured in a locked drawer that only the designated clerical staff and appropriate supervisors have a key to unlock. The JJC Superintendent will ensure receipts are transmitted timely.

4. Law Library

We identified weaknesses with accounting controls and procedures of the law library. According to financial records, law library receipts collected during the year ended December 31, 2014, were approximately \$26,000. The law library is administered by the Court Administrator.

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. One clerk performs the accounting duties of receipting and recording payments received, preparing deposits and disbursements, and reconciling the bank account. This clerk also has authority to sign checks, although checks are usually signed by the Assistant Court Administrator. Another clerk and the Assistant Court Administrator occasionally perform some of the accounting duties when the clerk is unavailable. As a result, there are instances where court personnel could be responsible for law library transactions from initial receipt to disbursement, without involvement from other clerks or supervisory review.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, at a minimum, periodic and documented reviews of the records should be performed by someone independent of the accounting functions.

4.2 Library inventory

Court personnel do not maintain an inventory list of law library materials and could provide no documentation to show that physical inventories of law library materials were performed. Court personnel indicated expenditures for law library publications, subscriptions, and other materials totaled \$9,036 during the year ended December 31, 2014.

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



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accurate, identify unrecorded additions and dispositions, detect and deter theft of assets, and identify obsolete materials.

4.3 Excessive fund balance

The Law Library Fund has accumulated a significant cash reserve without any specific plans for its use. The \$15 law library fee provides significantly more revenue than is necessary to maintain the current operations of the law library. The Law Library Fund ending cash balance of \$150,498 at December 31, 2014, is approximately 17 times the 2014 disbursements total of \$9,036. Sections 488.426 and 488.429, RSMo, authorizes a fee of up to \$15.

The court should determine future needs and consider reducing or suspending collection of this fee until needed or until a plan to utilize these funds is developed.

Recommendations

The Court Administrator:

- 4.1 Segregate accounting duties to the extent possible or ensure an adequate supervisory or independent review of accounting records is performed and documented.
- 4.2 Ensure periodic physical inventories of law library materials are performed, reconciled to inventory records, and documented.
- 4.3 Work with the Court En Banc to determine the court's future needs and develop a plan to utilize the monies available in the Law Library Fund or consider reducing the law library fee.

Auditee's Response

- 4.1 *Effective April 22, 2015, the clerk responsible for receipting and recording payments received, preparing deposits and disbursements and reconciling the bank account for the Law Library Fund was removed as a person able to sign checks.*
- 4.2 *Effective April 15, 2015, the Deputy Court Administrator took inventory of the law library materials and will be reviewing inventory on a quarterly basis. In addition, the Deputy Court Administrator will update the inventory list based on purchases made each quarter. Each quarterly report will be filed with the Court Administrator.*
- 4.3 *The Court en Banc utilizes the Law Library Funds based on statutory authority in Section 488.429, RSMo. Currently the court is in the planning process with the Boone County Commission regarding an update to the Ground Floor courtroom video conferencing equipment. It is anticipated this update will cost \$50,000 and will be completed in 2015. In addition, Court*



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Administration has been reviewing the option of having electronic monitors available outside each courtroom to reflect cases being called in the courtroom. Court Administration will discuss options with the Court en Banc for utilizing the fund. Technology upgrades such as these are typically high dollar amounts, therefore it is anticipated that the fund balance will need to continue to be at a high amount to cover these large purchases.

Thirteenth Judicial Circuit

Boone County

Organization and Statistical Information

The Thirteenth Judicial Circuit consists of Boone County as well as Callaway County.

The Thirteenth Judicial Circuit consists of four circuit judges and six associate circuit judges. The circuit judges hear cases in Boone and Callaway Counties. Of the six associate circuit judges, four are located in Boone County and two in Callaway County. Circuit personnel located in Callaway County are not included in the scope of the audit. The Family Court Commissioner is appointed pursuant to Section 487.020, RSMo.

Personnel

At December 31, 2014, the judges, Family Court Commissioner, Circuit Clerk, Court Administrator, and Juvenile Officer of the Thirteenth Judicial Circuit, Boone County, were as follows:

Title	Name
Circuit Judge, Division I	Christine Carpenter
Circuit Judge, Division II	Gary Oxenhandler
Circuit Judge, Division III	Kevin Crane
Circuit Judge, Division IV	Jodie Capshaw Asel
Associate Circuit Judge	Michael W. Bradley
Associate Circuit Judge	Larry Bryson
Associate Circuit Judge	Deborah Daniels
Associate Circuit Judge	Leslie Schneider
Family Court Commissioner	Sara Miller
Circuit Clerk	Christy Blakemore
Court Administrator	Kathy Lloyd
Juvenile Officer	Cindy Garrett

In addition, the Thirteenth Judicial Circuit, Boone County, employed 119 full-time employees and 31 part-time employees on December 31, 2014.

Financial Information

Receipts of the Thirteenth Judicial Circuit, Boone County, were as follows:

	Year Ended December 31, 2014
Court deposits, fees, bonds, and other	\$6,133,580
Drug treatment court	37,439
Driving while intoxicated court	23,135
Veterans court	3,250
Interest income	3,825
Total	\$6,201,229



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Organization and Statistical Information

Caseload Information

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

	Year Ended June 30, 2014
Civil	7,137
Criminal	8,984
Juvenile	541
Probate	1,603
Total	18,265
