



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**Twenty-First Judicial Circuit**  
**City of Northwoods**  
**Municipal Division**



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the 21st Judicial Circuit City of Northwoods Municipal Division

Background	An audit of the Northwoods municipal court was initiated in association with a petition audit of the city. In April 2016, the Board of Aldermen voted to dissolve its municipal division and in June 2016, entered into a contract with the City of St. Ann. The court transferred all court, jail, and dispatching operations to the City of St. Ann. Municipal court cases for the cities of Northwoods, Vinita Park, and Charlack are handled through the St. Ann Municipal Court in what is known as the Consolidated Municipal Courts. The City of Northwoods continues to operate a police department. The municipal division was still in operation during the audit period, which is reflected in the audit findings.
Bond Account	Bank reconciliations for the bond account had not been completed since 2008 and a monthly list of open bonds was not prepared. The city's Court Clerk did not always refund bond money timely.
Municipal Division Procedures	Controls and procedures over receipting and depositing monies were not sufficient. The Prosecuting Attorney did not sign 40 of 52 (77 percent) tickets we tested. The city's Court Clerk did not ensure plea agreements were signed. The municipal division did not always assess fines and court costs in accordance with the Violation Bureau schedule. The municipal division regularly collected Crime Victim Compensation and Law Enforcement Training fees on dismissed cases, in violation of state law.
Booking Fees	The police department collected a \$25 booking fee; however, state law does not include provisions to collect such a fee.

Due to the nature of this report, no overall rating has been provided.

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# Twenty-First Judicial Circuit

## City of Northwoods Municipal Division

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**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

Presiding Judge  
Twenty-First Judicial Circuit  
and  
Municipal Judge  
and  
Honorable Mayor  
and  
Members of the Board of Aldermen  
Northwoods, Missouri

We have audited certain operations of the City of Northwoods Municipal Division of the Twenty-First Judicial Circuit 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, 2015. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
2. Evaluate the municipal division's and city's compliance with certain legal provisions.
3. Evaluate the municipal division's compliance with certain court rules.
4. Evaluate the city's compliance with state laws restricting the amount of certain court revenues that may be retained.

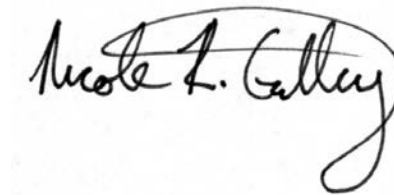
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing certain external parties; and testing selected transactions. Before audit fieldwork began, the City of Northwoods dissolved the municipal division and entered into a contract with the City of St. Ann for those services. We were unable to interview former employees of the municipal division to obtain an understanding of the internal controls that are significant within the context of the audit objectives. This limitation on the scope of our audit, affected our ability to assess whether internal controls that were in place had been properly designed and implemented. 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 applicable contract, grant agreement, or 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.

Except as discussed in the second paragraph, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's and Consolidated Municipal Court's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) noncompliance with court rules, and (4) no noncompliance with state laws restricting the amount of certain court revenues that may be retained. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Northwoods Municipal Division of the Twenty-First Judicial Circuit.

A petition audit of the City of Northwoods, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	David Olson
Audit Staff:	Morgan Alexander
	Margie Freeman, CPA

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# Twenty-First Judicial Circuit

## City of Northwoods Municipal Division

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

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#### **Background**

The City of Northwoods dissolved its municipal division in part because city officials could not find a replacement employee after the Court Clerk left the city's employment in February 2016. City officials also believed contracting for these services would be more cost effective. In April 2016, the Board of Aldermen voted to discontinue the municipal division and enter into a contract with the City of St. Ann.

In June 2016, the City of Northwoods transferred all court, jail, and dispatching operations to the City of St. Ann. The Presiding Judge of St. Louis County approved the administrative handling of various cities' (Northwoods, Vinita Park, and Charlack) municipal court cases through the St. Ann Municipal Court. The consolidated court operation is known as the Consolidated Municipal Courts (CMC). The CMC uses an automated case management system known as the Justice Information System (JIS) provided by the Office of State Courts Administrator. The City of Northwoods continues to operate a police department.

The municipal division was still in operation during the audit period; but had ceased operations prior to our audit fieldwork. We worked primarily with CMC and City of Northwoods personnel in conducting audit work. The findings presented in the remainder of this report identify important concerns and relevant corrective actions. However, because the municipal division has been dissolved, recommendations are not provided.

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#### **1. Bond Account**

The municipal division had not performed bond account bank reconciliations for a significant period of time or prepared monthly lists of open bonds. Also, some bond refunds were not made timely.

##### **1.1 Bank reconciliations**

Our review of the municipal division's accounting records indicated no reconciliations had been completed since 2008 and a monthly list of open bonds was not prepared. The CMC Court Administrator has completed all bank reconciliations and open bonds reports through October 2016. The October 31, 2016, list of open bonds totaled \$23,367 and the reconciled bank account balance totaled \$24,261, resulting in an unidentified balance of \$894. In addition, in November 2015 the bank account had a negative ending balance of approximately \$334, which resulted in \$115 of overdraft fees. Because the municipal division did not properly monitor the bank account, checks issued to the city's general account caused the negative account balance and the overdrafts to occur.

Missouri Supreme Court Operating Rule No. 4.59 (Uniform Record Keeping System) requires reconciling all bank balances and open items records at least monthly. Additionally, Missouri Supreme Court Operating Rule No. 4.56 requires the municipal division to prepare a record of open items monthly. Timely monthly bank reconciliations are necessary to ensure accounting records balance, transactions are properly recorded, and errors or discrepancies are detected and corrected timely. Also, monthly lists of open



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bonds are necessary to ensure all bond dispositions have been properly recorded. Reconciling open bonds to the reconciled bank account balance is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities.

## 1.2 Bond refunds

The city's Court Clerk did not always refund bond money timely. We reviewed 15 bonds and identified bonds for \$170 and \$250 that should have been refunded in April 2013 and September 2015, respectively; but were not refunded until October 2016.

To ensure proper accounting for bond monies and to reduce the risk of loss, theft, or misuse of bond monies, bonds should be refunded in a timely manner.

## 2. Municipal Division Procedures

Several weaknesses were found with municipal division procedures.

### 2.1 Receipting and depositing procedures

Controls and procedures over receipting and depositing monies were not sufficient. As a result, there is less assurance all monies received were deposited. The court did not retain copies of deposit slips for fines and costs deposited into the city's general account, and bank statements did not include images of the deposit slips. As a result, a comparison of the composition of receipts to the composition of deposits could not be performed. Manual receipt slips were not always issued in numerical sequence and original copies of some voided receipt slips were not retained.

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

### 2.2 Prosecutor approval

The Prosecuting Attorney did not sign 40 of 52 (77 percent) tickets we tested. The CMC Court Administrator indicated that the current Prosecuting Attorney is now signing all City of Northwoods tickets.

Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The Prosecuting Attorney's review, documented with his signature, is needed to provide assurance proper cases and charges are filed with the municipal division.

### 2.3 Amendments and plea agreements

The city's Court Clerk did not ensure plea agreements were signed. When an alternative arrangement is agreed upon between the defendant and the Prosecuting Attorney, a plea agreement signed by both parties is necessary to document the amended charges and fines and court costs. For all 8 cases reviewed that had plea agreements, the case file contained an unsigned plea agreement.



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Signed agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Procedures should be established to ensure all plea agreements are signed by the Prosecuting Attorney and the defendant.

## 2.4 Fines and court costs

The municipal division did not always assess fines and court costs in accordance with the Violation Bureau (VB) schedule. The VB schedule shows the standard fines and court costs for violations payable through the VB prior to the court date. In addition, the city's Court Clerk did not ensure there was adequate documentation to explain reasons for assessing other than standard fines and court costs.

In 4 of 31 (13 percent) cases reviewed, fines and costs amounts recorded in the system did not agree with the VB schedule or a signed order from the judge. For example, a fine for speeding that was originally a minimum of \$150 was amended to \$65. Documentation to support the change in amount was retained in the case file but the municipal judge did not sign it.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to ensure standard fines and court costs are collected through the VB, and any changes in assessed fines and court costs are approved by the Municipal Judge and properly recorded in the case management system.

## 2.5 Dismissed cases

The municipal division regularly collected Crime Victim Compensation and Law Enforcement Training fees on dismissed cases, in violation of state law. For cases that were dismissed on payment of costs, the defendant was not assessed a fine and no record of conviction was entered.

Generally, courts are prohibited from collecting surcharges and fees in any criminal proceeding when the charges have been dismissed by the court under various statutory provisions including Domestic Violence Shelter fees under Section 488.607, RSMo, Law Enforcement Training surcharges under Section 488.5336.1, RSMo, and Crime Victims' Compensation under Section 595.045.1, RSMo.

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## 3. Booking Fees

The police department collected a \$25 booking fee; however, state law does not include provisions to collect such a fee. The police department collected \$1,700 in booking fees for the year ended December 31, 2015. The police department no longer charges these fees. All individuals are now booked at St. Ann.

The law does not provide for fees on individuals incarcerated on crimes that have not been adjudicated. Most costs associated with the criminal justice system are only paid if the individual is found guilty. The city is not providing a service but rather is doing what it is required to do by law,





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performing the administrative task of handling individuals booked by the police department.

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# Twenty-First Judicial Circuit

## City of Northwoods Municipal Division

### Organization and Statistical Information

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The City of Northwoods Municipal Division was in the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Maura B. McShane serves as Presiding Judge.

A municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury. Prior to dissolving, the municipal division utilized the Delores McCombs and Associates case management system. Court services are now handled by the Consolidated Municipal Courts (CMC), which uses an automated case management system known as the Justice Information System (JIS) provided by the Office of State Courts Administrator.

#### Personnel

At December 31, 2015, the municipal division employees were as follows:

Title	Name
Municipal Judge	Raphael Morris
Court Clerk	Ericka Jones
Prosecuting Attorney	Lee Goodman

#### Financial and Caseload Information

	Year Ended December 31, 2015
Receipts	\$371,087
Number of cases filed	3,508

#### Court Costs, Surcharges, and Fees

Type	Amount
Court Costs (Clerk Fee)	\$ 12.00
Crime Victims' Compensation	7.50
Law Enforcement Training	2.00
Peace Officer Standards and Training	1.00
Inmate Security (Biometric Verification)	2.00
Court Automation Fee <sup>1</sup>	7.00
Domestic Violence Fee <sup>1</sup>	2.00
Booking Fee <sup>2</sup>	25.00

<sup>1</sup> This fee was added after the city transferred court operations to the CMC.

<sup>2</sup> The fee was no longer charged after city transferred court operations to the CMC.

#### Vehicle Stops Report

Section 590.650, RSMo, requires law enforcement agencies report vehicle stop data to the Attorney General's Office (AGO) by March 1st of each year. The AGO compiles the data in a statewide report that can be viewed on the AGO website at <https://ago.mo.gov/docs/default-source/public->



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Organization and Statistical Information

safety/2015agencyreports.pdf?sfvrsn=2. The following table presents data excerpted from the AGO report for the City of Northwoods Police Department. In addition, see information at: <https://ago.mo.gov/home/vehicle-stops-report/2015-executive-summary>, for background information on the AGO's vehicle stops executive summary along with definitions for footnotes of the following table.

Racial Profiling Data/2015 - Northwoods Police Department - Population 3,421<sup>1</sup>

Key Indicators	Total	White	Black	Hispanic	Asian	Am. Indian	Other
Stops	705	223	462	6	6	0	8
Searches	5	0	5	0	0	0	0
Arrests	9	0	9	0	0	0	0
Statewide Population %	N/A	82.76	10.90	2.94	1.71	0.41	1.28
Local Population %	N/A	5.12	93.28	0.20	0.20	0.20	0.99
Disparity Index <sup>2</sup>	N/A	6.18	0.70	4.16	4.16	0.00	1.14
Search Rate <sup>3</sup>	0.71	0.00	1.08	0.00	0.00	#Num	0.00
Contraband hit rate <sup>4</sup>	0.00	#Num	0.00	#Num	#Num	#Num	#Num
Arrest rate <sup>5</sup>	1.28	0.00	1.95	0.00	0.00	#Num	0.00

<sup>1</sup> Population figures are from the 2010 Census for persons 16 years of age and older who designated a single race. Hispanics may be of any race. "Other" includes persons of mixed race and unknown race.

<sup>2</sup> Disparity index = (proportion of stops / proportion of population). A value of 1 represents no disparity; values greater than 1 indicate over-representation, values less than 1 indicate under-representation.

<sup>3</sup> Search rate = (searches / stops) X 100

<sup>4</sup> Contraband hit rate = (searches with contraband found / total searches) X 100

<sup>5</sup> Arrest rate = (arrests / stops) X 100

#Num! indicates zero denominator