

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

**Thirty-Eighth Judicial Circuit
City of Clever
Municipal Division**

Report No. 2020-099

November 2020

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Eighth Judicial Circuit - City of Clever Municipal Division

Accounting Controls and Procedures	Municipal Division employees do not always deposit receipts timely. Because the city has not established a separate fund or accounting for 3 court costs collected, the municipal division and the city have little assurance these court costs were properly used in compliance with state law.
Case Dispositions	The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the Violation Bureau.

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

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

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

Thirty-Eighth Judicial Circuit

City of Clever Municipal Division

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NICOLE GALLOWAY, CPA **Missouri State Auditor**

Presiding Judge
Thirty-Eighth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Clever, Missouri

We have audited certain operations of the City of Clever Municipal Division of the Thirty-Eighth 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 June 30, 2019. 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.

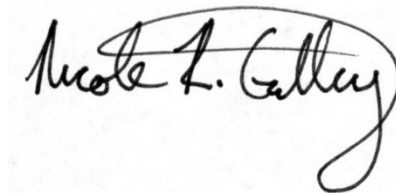
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal control that is significant to the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. 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.

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 municipal division'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) no significant 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 Clever Municipal Division of the Thirty-Eighth Judicial Circuit.

An additional report, No. 2020-098, *City of Clever*, fulfilling our obligations under Section 29.230, RSMo, was issued in November 2020.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Senior Director:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Travis Owens, MBA, CPA, CFE, CGAP
In-Charge Auditor:	Erin N. Dierksen
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	Hunter O'Donnell, M.Acct.

Thirty-Eighth Judicial Circuit

City of Clever Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Accounting controls and procedures need improvement. During the year ended June 30, 2019, the municipal division collected \$21,442 in fines and court costs.

1.1 Deposits

Employees do not always deposit receipts timely. The Court Clerk also serves as the City Clerk. City employees did not deposit court receipts of \$50 (cash) collected on November 27, 2018, and \$150 (cash) collected on December 3, 2018, into the Municipal Division bank account until December 10, 2018. The city received no other court receipts between December 3 and December 10. This money was not deposited even though employees made 3 deposits of city-related receipts totaling \$2,050 into the General Fund bank account on December 3, 2018, and December 5, 2018. The Court Clerk could not explain why the court receipts did not get deposited timely.

To safeguard receipts and to reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all payments received are deposited timely and intact.

1.2 Restricted funds

The municipal division and the city have little assurance that certain court costs were properly used in compliance with state law. The city did not establish a separate fund and/or accounting for money collected for 3 different court costs assessed, is not tracking the amounts expended, does not know what has been spent or the remaining balance, and, as a result, cannot demonstrate whether the money collected from these court costs was used for the purposes required by statute. During the year ended June 30, 2019, the municipal division transmitted \$797.50 collected for these 3 court costs (\$322 law enforcement training, \$316.50 biometric verification, and \$159 judicial education) to the city monthly. Each month, city personnel deposit this money as a single combined payment into the city's General Fund bank account.

The city passed an ordinance in January 2015 to assess and collect a court cost of \$2 for law enforcement training and \$2 for biometric verification. Section 488.5336.2, RSMo, requires the law enforcement training funds to be used only for the training of law enforcement officers. Section 488.5026.3, RSMo, requires establishment of an Inmate Prisoner Detainee Security Fund and provides requirements concerning the usage of biometric verification funds. Allowable uses include acquisition and development of a biometric verification system and information sharing; maintenance, repair, and replacement of the information sharing or biometric verification system; and any expenses related to detention, custody, and housing and other expenses for inmates, prisoners, and detainees. Section 479.260, RSMo, allows the municipal court to establish a separate fund under the control of the municipal court, and deposit \$1 of court costs into the fund to pay for the education and certification of the municipal judge and judicial education and training for the court clerk.



To ensure compliance with applicable state laws, separate funds and/or accounting of receipts and related disbursements associated with specific activities or restricted usage should be maintained.

Recommendations

The City of Clever Municipal Division:

- 1.1 Ensure receipts are deposited timely.
- 1.2 Work with the city to ensure court costs collected for restricted purposes are adequately tracked or deposited into a separate bank account and used for statutorily allowed purposes.

Auditee's Response

- 1.1 *To ensure proper segregation of duties, the Court Clerk does not make deposits. The Assistant City Clerk makes the deposits. If the Assistant City Clerk is not available to make a timely deposit in accordance with standard operating procedure, the Court Clerk will make the deposit with a secondary accompaniment of the Municipal Judge, Mayor, or a member of the Board of Aldermen to maintain the security of the deposits.*
- 1.2 *We have created a secondary general ledger to track receipts and disbursements of restricted court monies and to ensure that court costs collected for restricted purposes are spent in accordance with statutory requirements.*

2. Case Dispositions

The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the Violation Bureau.

The Court Clerk records the case activity and final disposition of each case in the case management system. Our review of 10 tickets noted 2 (20 percent) tickets did not have the Municipal Judge's approval of final disposition documented on either the court docket or the manual docket.

To ensure the proper disposition of all cases has been entered in the municipal division records, the Municipal Judge should sign the court docket to indicate approval of the recorded disposition.

Recommendation

The City of Clever Municipal Division ensure the Municipal Judge signs all court dockets.

Auditee's Response

The 2 instances found by the auditors are aberrations in our existing practices. Great care is taken to ensure that the final disposition of all cases has a final docket entry that the case is to be closed and that entry is signed off on or initialed by the Judge.

Thirty-Eighth Judicial Circuit

City of Clever Municipal Division

Organization and Statistical Information

The City of Clever Municipal Division is in the Thirty-Eighth Judicial Circuit, which consists of Christian County. The Honorable Laura J. Johnson serves as Presiding Judge.

The 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. The municipal division utilizes the Office of State Court Administrator's (OSCA) statewide automated case management system known as JIS.

Personnel

At June 30, 2019, the municipal division employees were as follows:

Title	Name
Municipal Judge	Matthew Owen
Court Clerk	Kristy Keithley
Prosecuting Attorney	Patty Shilling

Financial and Caseload Information

	Year Ended June 30, 2019
Receipts	\$21,442
Number of cases filed	198

Court Costs, Surcharges, and Fees

Type	Amount
Court Costs (Clerk Fee)	\$ 11.00
Crime Victims' Compensation	7.50
Law Enforcement Training	2.00
Peace Officer Standards and Training	1.00
Sheriff's Retirement	3.00
Judicial Education	1.00
Court Automation	7.00
Inmate Security (Biometric Verification)	2.00