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Missouri State Auditor

Sixth Judicial Circuit
Platte County

Report No. 2021-087

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auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Sixth Judicial Circuit Platte County

Accounting Controls and Procedures	The Circuit Clerk's bank account contains \$24,576 in unidentified liabilities (open items). The Treatment Court Coordinator does not issue receipt slips or maintain a mail log of money collected at the time of receipt. The Circuit Clerk's office does not have adequate procedures to ensure incarceration certifications, used to prepare criminal case cost billings, are received from the County Sheriff on all applicable cases.
Court Procedures	Court personnel do not always properly record the final disposition of each case in Judicial Information System (JIS) and do not periodically review reports of open cases. The court does not always assess the \$25 time-payment fee on cases as required by Missouri Supreme Court Operating Rules (COR) and authorized by state law. The Circuit Clerk does not perform periodic reviews of user access to data and other information in the JIS. Budgets are not prepared for the Interest Fund, Garnishment Fee Fund, Time Payment Fund, or any of the treatment court funds (Drug, Mental Health, DWI, and Veterans).

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

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*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.

Sixth Judicial Circuit

Platte County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Sixth Judicial Circuit
Platte County, Missouri

We have audited certain operations of the Sixth Judicial Circuit, Platte 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, 2019. The objectives of our audit were to:

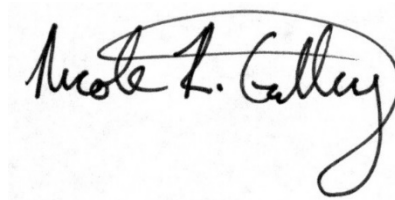
1. Evaluate the court's internal controls over significant financial functions.
2. Evaluate the court's compliance with certain legal provisions.
3. Evaluate the court's compliance with certain court rules.

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 control that is significant to the audit objectives and planned and performed procedures to assess 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 court's management, the Office of State Courts Administrator, and Platte 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 control, (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 Sixth Judicial Circuit, Platte County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with the first name "Nicole" and last name "Galloway" clearly legible. The signature is positioned above the printed name and title.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Robert E. Showers, CPA, CGAP
Audit Manager:	Heather R. Stiles, MBA, CPA, CFE, CGAP
In-Charge Auditor:	Amanda G. Flanigan, MAcc
Audit Staff:	John-Henry T. Jarwood, MBA, CFE
	Syed Umar Ali, MAcc

Sixth Judicial Circuit

Platte County

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures, including unidentified liabilities in the court's bank account, inadequate receipting procedures, and weaknesses in the billing of criminal costs.

Court records indicate receipts collected during the year ended December 31, 2019, totaled approximately \$4.4 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 primary bank account by the Circuit Clerk.

1.1 Unidentified liabilities

The Circuit Clerk's bank account contains \$24,576 in unidentified liabilities (open items). These unidentified funds have been in the account since our previous audit in 2005,¹ and date back to the court's conversion to the JIS in 1999.

In November 1999, the court began using the JIS. However, during this conversion process, some information from the old system did not properly convert to the JIS. As a result, the open items listing at December 31, 2019, included \$24,576 in unconverted open items that could not be associated with specific cases. As noted in the 2005 audit report, the unconverted liability as of December 31, 2004 was \$25,216. In the past 15 years, the court has identified \$640 of the unidentified balance. The Clerk indicated she had sought assistance from the Office of State Courts Administrator (OSCA) regarding how to handle these unidentified funds, but had not received any guidance. In addition, the Clerk indicated she was not aware of the proper procedures for disposing of the unclaimed money.

Maintaining unidentified balances in the bank account increases the risk of loss, theft, or misuse of such funds. Various statutory provisions provide for the disposition of unidentified money. In addition, under Section 447.532.1, RSMo, all intangible personal property held by a court that remains unclaimed for 3 years is deemed abandoned and should be turned over to the Missouri State Treasurer's Unclaimed Property section.

1.2 Receipting procedures

The Treatment Court Coordinator does not issue receipt slips or maintain a mail log of money collected at the time of receipt. Any money received by the coordinator related to the four treatment courts is instead transmitted to the circuit clerk's office to be receipted into the JIS. As a result, this money cannot be reconciled to the court transmittal and there is less assurance all money received has been recorded.

¹ *Sixth Judicial Circuit, Platte County, Missouri*, State Auditor's Office, Report No.2005-58, August 2005, <<https://auditor.mo.gov/press/2005-58.pdf>>, accessed July 9, 2021.



Sixth Judicial Circuit
Platte County
Management Advisory Report - State Auditor's Findings

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

1.3 Incarceration billing procedures

The Circuit Clerk's office does not have adequate procedures to ensure incarceration certifications, used to prepare criminal case cost billings, are received from the County Sheriff on all applicable cases. A court clerk responsible for preparing prisoner board billings stated the Sheriff's office returns the certifications on a consistent basis, however, without proper procedures in place to ensure all incarceration certifications are received, the court cannot ensure all eligible criminal costs have been billed and the county is reimbursed for all eligible costs as allowed by state law.

Recommendations

The Court en Banc and the Circuit Clerk:

- 1.1 Make efforts to identify the owners of this unidentified money. After sufficient efforts are made, any money remaining unidentified should be turned over to the Missouri State Treasurer in accordance with state law.
- 1.2 Ensure the treatment court coordinator maintains a log of money received in the mail and reconciles it to the money receipted by the circuit clerk's office.
- 1.3 Develop procedures to ensure incarceration certifications are received for all inmates and billings are prepared for all applicable cases.

Auditee's Response

The court provided a written response. See Appendix.

2. Court Procedures

We identified significant weaknesses with court procedures. Case disposition is not always properly recorded in JIS, time-payment fees are not assessed on all cases, user access rights are not periodically reviewed for accuracy, and budgets were not prepared for several court funds.

2.1 Case disposition

Court personnel do not always properly record the final disposition of each case in JIS and do not periodically review reports of open cases. We obtained a list of open cases from the OSCA in June 2020 and identified 365 cases suspended or pending as of December 31, 2019. Suspended cases are those for which a court clerk did not schedule a future court date, a warrant was issued, or a probate case is currently open. Pending cases are those for which final action was taken by the court, but the court clerk has not completed recording all activity in the JIS.

Our review of 12 pending and suspended cases identified 5 cases (42 percent) not handled correctly. Two cases did not have disposition codes entered into



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Management Advisory Report - State Auditor's Findings

JIS when a judgment had occurred, and three cases were improperly suspended in the JIS because the court clerk did not schedule a future event in JIS. As a result, these cases no longer appeared on the docket and proper follow up did not occur.

Establishing procedures to review open cases after a period of inactivity helps ensure the all cases have been entered into the JIS and disposed of properly, and all associated costs have been assessed. In addition, ensuring the proper disposition of pending and suspended cases reduces the risk of money being mishandled.

2.2 Time payment fee

The court does not always assess the \$25 time-payment fee on cases as required by Missouri Supreme Court Operating Rules (COR) and authorized by state law.² Our review of 8 cases not paid in full within 30 days of disposition, identified 6 cases (75 percent) where the court did not assess the time-payment fee. The Circuit Clerk indicated the time payment fee was not assessed on these cases because the Circuit Judge had not ordered this fee assessed. As a result, the court is not in compliance with court rules, and has lost revenue.

Missouri COR 21.13 states "all divisions of the circuit court, except municipal divisions, shall assess a \$25 time-payment fee on all cases not paid in full within 30 days of disposition."

2.3 Periodic reviews of user system access

The Circuit Clerk does not perform periodic reviews of user access to data and other information in the JIS. We obtained reports from the OSCA of user accounts having access to the JIS as of June 2020. Our review identified 2 users with more access than required to perform their job responsibilities.

A periodic review of user accounts ensures the right type and level of access, corresponding to each user's job responsibilities, has been provided. In addition, allowing users to have inappropriate system access results in increased risk of fraud.

2.4 Budgets and Fund Balances

Budgets are not prepared for the Interest Fund, Garnishment Fee Fund, Time Payment Fund, or any of the treatment court funds (Drug, Mental Health, DWI, and Veterans). In addition, the Interest and Garnishment Fee Fund have both accumulated excessive fund balances and the court does not have any formal plans for their use. As of December 31, 2019, the balance in the Interest Fund was \$68,135 and the balance in the Garnishment Fee Fund was \$57,650.

² Section 488.5025, RSMo.



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Management Advisory Report - State Auditor's Findings

Preparing a budget for public funds aids in the fiscal management of this money; provides a means to effectively monitor actual costs, revenues, and cash balances; and helps inform both the county and the public of the court's financial picture. In addition, accumulated excessive cash balances with no formal plan for its use puts an unnecessary burden on taxpayers.

Recommendations

The Court en Banc and the Circuit Clerk:

- 2.1 Ensure the disposition of cases is properly recorded in the JIS and the reports of open cases are periodically reviewed.
- 2.2 Ensure time-payment fees are assessed in accordance with court operating rules.
- 2.3 Periodically review user access to data and other information resources within the JIS to ensure access rights are commensurate with job duties and responsibilities.
- 2.4 Prepare annual budgets for the Interest Fund, the Garnishment Fee Fund, the Time Payment Fund, and the four treatment court funds, and provide copies of these budgets to the county budget officer. In addition, develop a formal plan, based on the court's future needs, to use the money available in the Interest Fund and the Garnishment Fee Fund.

Auditee's Response

The court provided a written response. See Appendix.

Sixth Judicial Circuit

Platte County

Organization and Statistical Information

The Sixth Judicial Circuit consists only of Platte County.

The Sixth Judicial Circuit has two Circuit Judges and three Associate Circuit Judges. The Circuit Judges hear circuit level cases through the Sixth Judicial Circuit (Divisions I and II). One of these judges also serves as Presiding Judge at the discretion of the court en banc and is responsible for the administration of the circuit. The Associate Circuit Judges hear associate level cases through Divisions III, IV, and V. In addition, the Sixth Judicial Circuit is responsible for hearing cases for 7 municipal divisions in Platte County.

Personnel

At December 31, 2019, the judges, Circuit Clerk, Treatment Court Coordinator, and Chief Juvenile Officer of the Sixth Judicial Circuit, Platte County, were as follows:

Title	Name
Presiding Circuit Judge, Division II	James W. Van Amburg
Circuit Judge, Division I	Thomas C. Fincham
Associate Circuit Judge, Division III	Abe Shafer
Associate Circuit Judge, Division IV	W. Ann Hansbrough
Associate Circuit Judge, Division V	Dennis C. Eckold
Circuit Clerk	Kimberly Johnson
Treatment Court Coordinator	Elysia A. Collins
Chief Juvenile Officer	Rhonda Haight

In addition, the Sixth Judicial Circuit, Platte County, employed 26 full-time employees on December 31, 2019.

Financial Information

Receipts of the Sixth Judicial Circuit, Platte County, were as follows:

	Year Ended December 31, 2019
Court deposits, fees, bonds, and other	\$4,369,261
Interest income	1,573
Total	\$4,370,834

Caseload Information

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

	Year Ended June 30, 2019
Civil	4,745
Criminal	11,884
Juvenile	83
Probate	335
Total	17,047



Appendix
Sixth Judicial Circuit, Platte County
Response



CIRCUIT COURT
SIXTH JUDICIAL CIRCUIT
OF MISSOURI
COURTHOUSE, PLATTE CITY, MO 64079

THOMAS C. FINCHAM
CIRCUIT JUDGE
DIVISION I

September 13, 2021

415 THIRD STREET, SUITE 65
PLATTE CITY, MO 64079
PHONE: 816-858-3431

Nicole Galloway, CPA
Missouri State Auditor

Re: Auditees response – Sixth Judicial Circuit
Management Advisory Report – State Auditor's findings

Dear Auditor Galloway:

You have provided us a draft of your Management Advisory Report. Your report follows your audit review process that began in June 2020 and included one on-site visit, offsite reviews, and inspection of countless documents. We appreciate the thoroughness of your efforts and the professionalism of your audit staff.

Following our careful review of your report, we are quite proud of the manner in which the financial, operational and legal business is conducted in the Sixth Judicial Circuit. While it is no surprise to us, it is certainly gratifying to confirm that based on the thousands of financial transactions and over \$4.3 million managed, there were no significant shortcomings revealed in your investigation. Similarly, upon review of innumerable case related transactions, there were very few issues to report. The dedicated and conscientious men and women in our circuit, who universally take pride in their service to the judiciary, will indeed be gratified to learn of your report.

At your request, we are providing our response to your specific findings. For clarity, our response will be in the same order and with the same numerical indentifiers which you used for your report.

1.1 Unidentified liabilities. Your report states that there are \$24,576 in unidentified liabilities (open items.) Herculean efforts have been made by our circuit clerk to identify these liabilities (including going through open items by hand) to no avail. She has also asked OSCA for assistance on more than one occasion -- also to no avail. We will take the appropriate steps to pay these funds to the Unclaimed Property Division as soon as practicable.



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1.2 Receipting procedures – treatment court. This area of concern has already been addressed by the circuit clerk. Now, when mail that is addressed to treatment court is received, it is opened by the circuit clerk or her assistant, any funds enclosed are accounted for and receipted, and the remainder of the contents of the envelope is sent to treatment court.

1.3 Incarceration billing procedures. This area of concern has already been addressed by the circuit clerk. We will use codes in conjunction with the Sheriff's Department and will verify all certifications have been received.

2.1 Case Disposition. We will initiate a procedure to review open cases in appropriate circumstances after a period of inactivity to make sure dispositions are entered into JIS and all associated costs have been assessed.

2.2 Time payment fee. Your report states that the court does not always assess the \$25 time-payment fee on all cases. As you are aware, there is a conflict between the statute and the Court Operating Rule. As presiding judge, I will enter an order requiring the assessment of this fee (not on municipal cases.) In the meantime, I have already contacted the Supreme Court regarding this matter (which we discussed with Ms. Stiles on the phone on August 24) and will request guidance from them as to certain aspects of that fee.

2.3 Periodic reviews of user system access. Our circuit clerk Kim Johnson contacted OSCA and that office indicated that this matter (users with more access than required) was a mistake on their part and they apologized for it. Going forward, Ms. Johnson will contact OSCA on a periodic basis to see that all users have appropriate access for their job duties and responsibilities.

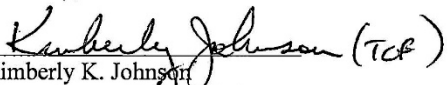
2.4 Budgets and Fund Balances. You have stated that four court managed funds do not have budgets. Curiously, one of those funds is the Time Payment Fund which was the subject of item 2.2 of your report (and addressed above) and for which we will now be assessing fees. The Sixth Judicial Circuit is a non-partisan court as contemplated by Article 5 of the Missouri Constitution. We may be limited as to the types of expenditures we can approve from those funds. That said, we believe our county has grown sufficiently (and statistics would bear this out) that we would need an additional court division (which would be Division 6.) We understand that this new division could become a reality either in 2022 or 2023. We may be drafting budgets and using some of our funds to cover some of the costs of setting up this new courtroom. We will be working with the County Commission in this regard. We disagree however, with your conclusion that the fund balances are "excessive" or that this puts an "unnecessary burden" on taxpayers. To our knowledge, while nothing in the enabling statutes for these funds or Supreme Court Operating rules would mandate or even suggest that a formal budget be prepared, we nevertheless appreciate your suggestion that a budget may be of assistance in our management of these funds.



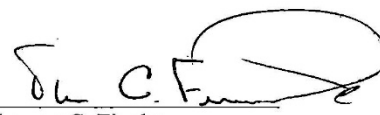
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Sincerely,


Kimberly K. Johnson
Platte County Circuit Clerk

cc: Heather R. Stiles; Amanda Flanigan


Thomas C. Fincham
Presiding Judge
Sixth Judicial Circuit