



Office of Missouri State Auditor
Nicole Galloway, CPA

Forty-First Judicial Circuit
City of Shelbina
Municipal Division

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Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of City of Shelbina Municipal Court

Receipt, Transmittal, and Deposit Records	Municipal division records are not maintained in an accurate, complete, and organized manner. Monies totaling \$1,284 were received into the case management system from June 25, 2014, through May 22, 2015; however, we cannot determine if the monies were turned over to the city or deposited into the bond bank account.
Accounting Controls and Procedures	Neither the Municipal Judge nor city personnel perform adequate supervisory or independent reviews of accounting functions and records. The municipal division does not have adequate receipting, recording, transmitting, and depositing procedures in place. The Municipal Judge signs municipal division bond account checks in advance. The Court Clerk does not follow up on unidentified items on the list of liabilities for the bond account or work with the City Treasurer to prepare a bank reconciliation or a list of liabilities for the credit card payment account. These accounts contain approximately \$1,550 in unidentified monies. The municipal division has not established procedures to review the status of open bonds held, ensure monies are disbursed timely, and ensure amounts listed as liabilities are accurate. City officials did not disburse amounts collected for the Crime Victims Compensation Fund, Peace Officer Standards and Training Commission, and Sheriff Retirement Fund monthly. The municipal division has not established a formal administrative plan for the collection of court debt and does not adequately monitor accrued costs, including fines and court costs, incarceration costs, and court-ordered restitution.
Municipal Division Procedures	The Court Clerk did not submit monthly reports of municipal division activity to the state and city. Municipal division case records are not maintained in an accurate, complete, and organized manner. The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the violation bureau (VB), and the Municipal Judge's approval of amended or dismissed tickets is not always documented. The police department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. The municipal division does not always assess fines and court costs in accordance with the approved VB schedule or require a court appearance for violations not on the VB schedule.
Electronic Data Security	The municipal division has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Court Clerk and city personnel authorized to access the case management system are not required to periodically change their passwords and passwords are not required to contain a minimum number of characters. In addition, the division does not have security controls in place to lock computers after a specified number of incorrect logon attempts.

Excess Revenues

The municipal division does not have procedures in place to identify minor traffic violation tickets and the associated fines and court costs collected. City officials did not perform any calculations to determine if excess revenues are due to the Missouri Department of Revenue.

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

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

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

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Forty-First Judicial Circuit

City of Shelbina Municipal Division

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NICOLE GALLOWAY, CPA **Missouri State Auditor**

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

We have audited certain operations of the City of Shelbina Municipal Division of the Forty-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 2 years ended June 30, 2016. The objectives of our audit were to:

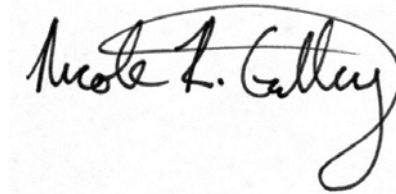
1. Evaluate the municipal division's internal controls over significant financial functions.
2. Evaluate the municipal division's and city's compliance with certain legal provisions.
3. Evaluate the municipal division's compliance with certain court rules.
4. Evaluate the city's compliance with state 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 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 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) noncompliance with court rules, and (4) 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 Shelbina Municipal Division of the Forty-First Judicial Circuit.

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:

Director of Audits:	Regina Pruitt, CPA
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Forty-First Judicial Circuit

City of Shelbina Municipal Division

Management Advisory Report - State Auditor's Findings

1. Receipt, Transmittal, and Deposit Records

Municipal division records are not maintained in an accurate, complete, and organized manner. Monies totaling \$1,284¹ were receipted into the case management system from June 25, 2014, through May 22, 2015; however, we cannot determine if the monies were turned over to the city or deposited into the bond bank account.

In February 2015, the Municipal Judge became aware the Court Clerk was receiving monies on tickets in amounts that were not on the approved violation bureau (VB) fine schedule or for violations not on the approved VB fine schedule that require a court appearance. The Municipal Judge requested the City Marshal investigate since the Court Clerk was also a sergeant in the Shelbina Police Department, handling the receipting duties for both the court and police, and working out of the Shelbina Police Department building. The City Marshal began an internal investigation and noted additional concerns, including cash and money orders that had not been receipted or transmitted and numerous case files maintained in disarray. Due to these discrepancies and other concerns, the Court Clerk was terminated from both positions on May 13, 2015. Based on the investigation and concerns raised, the Municipal Judge contacted the Attorney General's Office for assistance in September 2015, who subsequently requested the State Auditor's Office (SAO) perform an audit of the municipal division operations in May 2016.

After the former Court Clerk's termination, the police department continued to review the court records and monies on hand to determine what had been entered into the case management system. Police department personnel also performed court clerk duties such as receipting money for new cases, turning the money over to the city, and creating case records. Starting June 1, 2015, the current Court Clerk took over these responsibilities. In the period following the termination, the police department and current Court Clerk created new records for old case files, removed manual receipt slips from the receipt book and placed the slips into the manual case files, and transmitted monies to the City Treasurer without system reports. As a result of these actions, the documentation of receipts and transmittals created by the prior Court Clerk was lost.

We reviewed all transmittals to the City Treasurer and deposits to the bond bank account from June 1, 2014, through June 30, 2016, and compared them to the court's electronic receipt records. We noted inconsistencies in the method of documenting and transmitting receipts to the city. Some receipts were transmitted individually while others were transmitted in batches; an itemized listing of the receipts was not provided to the City Treasurer for 6

¹ All amounts presented in this report, including appendixes, are rounded to the nearest dollar.



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of the batched transmittals; an itemized listing of the receipts was not generated from the case management system for 17 batched transmittals; and 4 of the case management batch receipt reports included receipts that had previously been turned over to the City Treasurer. In addition, we noted 7 receipts on the batch receipt reports were incorrectly entered into the system based on information in the manual case file causing the system to show monies received when that had not occurred. This included 4 duplicate receipts, 1 receipt for performing community service in lieu of making a payment, 1 system test receipt, and 1 receipt with an incorrect receipt amount.

We could not trace some of the court's electronic receipt records totaling \$1,284 to transmittals to the City Treasurer or deposit into the bond bank account. The former Court Clerk did not transmit to the city or deposit \$1,084 received that was recorded in the electronic case management system from June 25, 2014, through May 13, 2015. An additional \$200 recorded in the electronic case management system was not transmitted to the city or deposited during the period between the two court clerks, May 14, 2015, through May 30, 2015. The Supporting Documentation - Undeposited Electronic Receipts section provides details regarding these transactions.

There was a total of \$375 unidentified monies transmitted to the City Treasurer from August 29, 2014, to December 2, 2014, \$1,536 unidentified cash in the current Court Clerk's drawer on May 12, 2016, and \$1,300 unidentified bond monies deposited in the bond bank account on July 30, 2015, and April 8, 2016, which might reduce the total unaccounted for receipts. However, these monies could not be traced to a receipt slip or case, so the municipal division could not confirm when receipt of these monies occurred, what cases they applied to, or if the monies had been recorded in the case management system.

The lack of segregation of duties, the absence of proper oversight by the Municipal Judge or other city officials, and inadequate controls, as discussed in MAR finding number 2, allowed these discrepancies to occur and go undetected.

Due to the poor records in the municipal division as indicated above, we were unable to determine if all monies were properly accounted for and turned over to the city or deposited into the bond account.

Recommendation

The City of Shelbina Municipal Division ensure records are maintained to identify receipts and all receipts are turned over to the city or deposited into the court's bond account with appropriate supporting documentation.



Auditee's Response

We agree with the recommendation and have implemented an Office of the State Courts Administrator (OSCA) approved case management system to address this recommendation.

2. Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures. As a result, some receipts were not accounted for properly. According to municipal division records, receipts totaled \$102,991 and \$169,749 for the fiscal years ended June 30, 2015, and 2016, respectively.

2.1 Oversight

Neither the Municipal Judge nor city personnel perform adequate supervisory or independent reviews of accounting functions and records. Proper segregation of duties within the municipal division is not possible because the Court Clerk is the only municipal division employee.

The Court Clerk is responsible for all duties related to collecting court monies, recording and posting these monies to the case management system, and transmitting them to the City Treasurer for deposit into the city's operating account. In addition, the Court Clerk is responsible for preparing and depositing bond monies into the court's bond account. The case management system does not automatically include all receipts on deposit batch reports; instead the Court Clerk manually selects which receipts to include. The City Treasurer's review of monies transmitted by the municipal division is limited to ensuring the total amount recorded on the case management system batch report agrees to the total amount transmitted to the city for deposit. While the prior Court Clerk was in office, the City Treasurer frequently did not receive system reports and no review to the system was performed. The City Treasurer does not compare any manual receipt slips issued or the total amount recorded in the case management system to the total amount batched to ensure all receipts are properly recorded and transmitted for deposit.

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 could be improved by implementing documented supervisory or independent reviews of accounting records. Such reviews would reduce the possibility of errors, loss, theft, or misuse of funds going undetected.

2.2 Receipting, recording, transmitting, and depositing procedures

The municipal division does not have adequate receipting, recording, transmitting, and depositing procedures in place. The Court Clerk does not have a procedure to ensure all manual receipts are recorded in the case management system. The case management system issues receipt slips but does not assign receipt slip numbers. The electronic receipt does not have a field to indicate the method of payment, although the Court Clerk will sometimes indicate the method of payment in the comment section. As a result, she cannot reconcile the composition of receipt slips to the



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composition of deposits. In addition, the Court Clerk does not account for the numerical sequence of manual receipt slips issued, restrictively endorse all money orders and checks, or transmit or deposit all monies intact and timely.

Our review of manual and electronic receipt slips issued for court monies during the period July 1, 2014, through June 30, 2016, identified numerous discrepancies and processing delays in addition to the problems noted in MAR finding number 1.

- The case management system does not assign receipt slip numbers. The system issues tracking numbers in sequential order of when cases are entered into the system instead of when payments are made. This case tracking number is used by the system when payments are made to the case. If more than one payment is made for a case, the same number is used to record each payment. Without individual sequential receipt slip numbers, the City Treasurer cannot ensure all receipts are accounted for when monies are turned over to the city.
- There is no assurance the tracking number date and payment date in the case management system are accurate. The system populates the current date into the date fields for the creation of the case tracking number and when payments are entered into the system; however, the Court Clerk can change the dates.
- The Court Clerk did not issue receipt slips for all monies received and monies received are not turned over intact or timely. A May 12, 2016, cash count identified a total of \$3,801 receipts on hand, of which \$1,996 was collected prior to November 2015. The older receipts included cash totaling \$858 that was not recorded in the case management system or on manual receipt slips, which the Court Clerk indicated were collected prior to her taking the position in June 2015; cash totaling \$678 that was manually receipted on October 26, 2015, but not recorded in the case management system; and bond monies of a \$150 check and \$310 in cash collected on May 26, 2015, and May 30, 2015, respectively, that were recorded in the case management system and manually receipted, but not deposited into the bond account.
- The Court Clerk does not reconcile manual receipt slips issued to receipts recorded in the case management system. For example, we noted one case with a manual receipt of \$155 for which the entire amount was turned over to the city, but only \$90 was receipted into the case management system. In addition, for 28 of the 47 cases reviewed (60 percent), the electronic receipt was not created timely. As a result, there is no assurance all monies collected were properly recorded in the



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system and deposited or that receipts and disbursements were recorded and made in the proper period.

- The Court Clerk does not immediately endorse checks and money orders. Checks and money orders are endorsed by the City Treasurer after monies have been transmitted or when the Court Clerk prepares the bond deposit.
- We identified 4 receipt slips issued in January 2015, totaling \$603, and 14 receipt slips issued in May 2016, totaling \$1,885, on which the method of payment was not recorded.

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

2.3 Bond disbursement controls

The Municipal Judge signs municipal division bond account checks in advance. Bond disbursements are prepared by the Court Clerk and checks require the signatures of the Municipal Judge and Court Clerk. The practice of signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by multiple signatures.

2.4 Bank reconciliations

The Court Clerk does not follow up on unidentified items on the list of liabilities for the bond account. In addition, the Court Clerk does not work with the City Treasurer to prepare a bank reconciliation or a list of liabilities for the credit card payment account.

The list of liabilities on the open bond report as of June 30, 2016, totaled \$19,554, of which \$5,980 was unidentified. The prior Court Clerk deposited \$4,680 of unidentified bond monies on March 12, 2015, and the current Court Clerk deposited \$1,000 and \$300 of the unidentified bond monies on July 30, 2015, and April 8, 2016, respectively. These deposit slips did not provide sufficient detail to identify the cases associated with the receipts. During the audit process, the current Court Clerk worked with audit staff to identify the cases associated with these monies. The cases regarding the \$4,680 deposited on March 12, 2015 were successfully identified, but the other \$1,300 remains unidentified.

A bank reconciliation is not performed for the municipal division credit card payment bank account. The City Treasurer reviews the bank balance, but does not compare it to the book balance or list of liabilities. When requested, the Court Clerk was not able to create a list of liabilities for the credit card payment account. We identified liabilities totaling \$7,657 at June 30, 2016, using the credit card and case management systems. The reconciled bank account balance at June 30, 2016, was \$4,047, indicating a



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\$3,610 shortage in the account. However, we determined that a payment of \$3,863 was disbursed to the city twice, initially on April 20, 2015, and again on July 17, 2015. This additional disbursement accounts for the shortage and should be reimbursed to the municipal division by the city, leaving a remaining unidentified excess balance of \$253. The Court Clerk should investigate why the excess balance exists.

Missouri Supreme Court Operating Rule No. 4.59 requires reconciling all bank balances and open items records at least monthly. Maintaining a book balance, reconciling the bank balance to the book balance, and reconciling liabilities to the reconciled bank account balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. In addition, monthly lists of liabilities are necessary to ensure all bond dispositions and credit card payments have been properly recorded.

2.5 Review of open bonds

The municipal division has not established procedures to review the status of open bonds held, ensure monies are disbursed timely, and ensure amounts listed as liabilities are accurate. As of June 30, 2016, the city had outstanding bond liabilities totaling \$19,554 on at least 30 cases. The Court Clerk indicated a report of open bonds is printed periodically, but it is not reviewed.

We reviewed documentation for 10 cases with bonds totaling \$5,657 from the June 30, 2016, open bonds report and determined bonds held for 6 cases totaling \$4,302 should have been applied as fines and costs, bonds held for 2 cases totaling \$700 should be reviewed for bond forfeiture, and monies in the bond account for 2 cases totaling \$655 were not bonds and should be disbursed to the city.

The failure to routinely review open bonds and apply, forfeit, or refund monies when appropriate increases the volume of cases requiring monitoring and deprives the state, city, or others the use of those monies. If refunding is appropriate, but proper payees cannot be located, the monies should be disposed of in accordance with state law.

2.6 Disbursement of fees

City officials did not disburse amounts collected for the Crime Victims Compensation Fund (CVC), Peace Officer Standards and Training Commission (POST), and Sheriff Retirement Fund monthly. The municipal division collects CVC, POST, and Sheriff Retirement surcharges of \$7.50, \$1, and \$3 on each case filed, respectively, and periodically transmits this money to the city for deposit; however, the city did not distribute these fees timely.

The city did not timely distribute approximately \$9,800, \$1,400, and \$4,100 of the state's portion of CVC, POST, and Sheriff Retirement fees,



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respectively, during the 2 fiscal years ended June 30, 2016. City personnel did not disburse the state's portion of the fees collected during the period of July 2014 through June 2015 until August 2015; July 2015 and August 2015 until October 2015; September 2015 and October 2015 until November 2015; and December 2015 through February 2016 until March 2016 when the fees were distributed to the Missouri Department of Revenue (DOR), Missouri State Treasurer, and Missouri Sheriff's Retirement System, respectively. In addition, the city did not distribute CVC, POST, and Sheriff Retirement fees collected during the period of April 2016 until August 2016, when we notified city personnel the fees had not been disbursed.

Missouri Supreme Court Operating Rule 21.02 indicates state court costs collected by the municipal division should be disbursed within 30 days of receipt.

2.7 Accrued costs

The municipal division has not established a formal administrative plan for the collection of court debt and does not adequately monitor accrued costs, including fines and court costs, incarceration costs, and court-ordered restitution.

The municipal division accepts partial payments from defendants. Payment agreements are approved by the Judge during court and are formally noted on the case docket sheets with a minimum monthly payment amount; however, the court does not have procedures in place to monitor court debt. We reviewed 10 cases with court debt and noted 7 (70 percent) were not paid in accordance with the payment plan and no follow-up action was taken. In addition, the municipal division does not maintain a listing of accrued costs and cannot produce a complete list of accrued costs from the case management system.

Proper and timely monitoring of receivables is necessary to help ensure unpaid amounts are collected and proper follow-up action is taken for non-payment. Proper monitoring is necessary to provide information to the Municipal Judge and determine appropriate handling when amounts are deemed uncollectible.

Recommendations

The City of Shelbina Municipal Division:

- 2.1 Ensure documented independent or supervisory reviews of municipal division accounting records are periodically performed.
- 2.2 Ensure a receipt slip is issued timely for all monies received by the municipal division and ensure manual receipts are timely entered into the case management system. In addition, account for the numerical sequence of receipts, ensure checks and money orders are endorsed immediately, deposit or transmit receipts intact and



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timely, and reconcile the composition of deposits and transmittals to the method of payment on the receipt slips. Additionally, ensure the case management system has controls in place to automatically populate the receipt date with the current date and not allow the user to change the date.

- 2.3 Discontinue allowing check signers to sign checks in advance.
- 2.4 Ensure bank reconciliations are performed, prepare a monthly list of liabilities, reconcile liabilities to the bank balances, and investigate and resolve any differences timely. In addition, the municipal division should request reimbursement of the \$3,863 incorrectly paid the city.
- 2.5 Routinely review the list of open bonds and disburse or dispose of monies as appropriate.
- 2.6 Work with the city to ensure court fees are disbursed within 30 days of receipt.
- 2.7 Establish procedures to monitor accrued costs.

Auditee's Response

- 2.1 *The Municipal Division and City Clerk agree with the recommendation. The Municipal Judge will review the bond account every six months and the City Clerk will review the case management system reports for all other fees.*
- 2.2 *We have implemented a new case management system that will address this recommendation.*
- 2.3 *The Municipal Judge will not do this anymore.*
- 2.4 *We agree and have implemented this recommendation.*
- 2.5 *We agree and are working to implement this recommendation.*
- 2.6 *The Municipal Division and City Clerk agree and are now disbursing fees monthly.*
- 2.7 *The new case management system tracks accounts receivables to allow us to implement this recommendation.*



3. Municipal Division Procedures

Municipal division procedures need improvement.

3.1 Monthly reports

The Court Clerk did not submit monthly reports of municipal division activity to the state and city. As a result, municipal division activities have not been reported to the Office of State Courts Administrator (OSCA) and the city lacks the information needed to accurately track amounts collected by the division.

Missouri Supreme Court Operating Rules 4.28 and 4.29 and OSCA instructions require monthly reports of cases filed and fines and court costs collected to be submitted to the OSCA and the city. Reports are to be submitted by the 15th of the month following the reporting month and include all activities that have occurred since the last report.

3.2 Municipal division records

Municipal division case records are not maintained in an accurate, complete, and organized manner. The Court Clerk documents case information for each defendant on docket sheets maintained in manual case files as well as computerized docket sheets maintained in the case management system. However, for 54 of 65 tickets reviewed, case information did not agree between manual and electronic records. We noted docket sheets maintained in manual case files for 40 tickets were not completed and signed, the original charge did not agree between manual and electronic records for 8 tickets, fines and costs assessed did not agree between manual and electronic records for 17 tickets, and case activity (e.g., court continuances and/or warrant activity) did not agree between manual and electronic records for 11 tickets. In addition, the Court Clerk could not locate 5 of the 123 manual case files requested during the audit.

Supreme Court Operating Rule 4.08 requires municipal divisions to maintain a docket or backer sheet for each case. All information regarding the case should be documented including, but not limited to, a copy of the ticket, case number, defendant name, sentence, bond information, warrant information, and disposition of the case. Accurate recording of the case information is necessary to properly account for the municipal division's financial activity. Failure to implement adequate case entry procedures increases the risk that loss, theft, or misuse of funds will go undetected and municipal division records will contain errors.

3.3 Case dispositions

The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the VB. Additionally, the Municipal Judge's approval of amended or dismissed tickets is not always documented.



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The Court Clerk records the case activity and final disposition of each case on the official docket sheets maintained manually in the case files and in the case management system. Our review of 65 tickets noted 40 (62 percent) of the case files did not contain a completed manual case docket sheet signed by the Judge. In addition, the Court Clerk does not print the final docket that documents the case activity recorded in the system for the Municipal Judge's review and approval.

In addition, 4 of the 15 (22 percent) amended tickets reviewed had not been approved by the Municipal Judge. The ability of the Court Clerk to amend and dismiss tickets without a documented review is a significant control weakness, and increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse of monies going undetected.

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

3.4 Ticket accountability

The police department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

When police officers are assigned ticket books the sequence is logged in the law enforcement system. The City Marshal reviews tickets issued by officers for accuracy and gives them to the Prosecuting Attorney. After the Prosecuting Attorney signs the tickets they are given to the municipal division for processing. However, there are no procedures to account for the numerical sequence of all tickets issued, ensure the transmittal of all issued tickets to the municipal division, or document each ticket's disposition.

Neither the police department nor the Court Clerk could locate 1 of 67 tickets we selected for review. Police department personnel believe this ticket may have been voided, but not retained by the department.

Section VIII D. of Municipal Court Operating Order Number 1 requires the Municipal Court Clerk to work jointly with the police department to account for all traffic tickets in numerical sequence and maintain a record of the disposition of all tickets assigned and issued by the police department. Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the department and municipal division cannot ensure all tickets are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds.



3.5 Fines and court costs

The municipal division does not always assess fines and court costs in accordance with the approved VB schedule or require a court appearance for violations not on the 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 Court Clerk does not ensure there is documentation to explain reasons for assessing other than standard fines and court costs.

In 3 of 60 (5 percent) cases we reviewed, fines and costs were improperly handled through the VB for violations requiring a court appearance. The Court Clerk could not provide an explanation for these discrepancies. In addition, during our review of bonds we noted 1 of the deposits in the account was actually a VB payment that did not agree with the standard VB schedule fines and costs. The defendant was assessed fines and costs for \$200 more than the amount listed for the violation on the VB schedule. The Court Clerk indicated the prior Court Clerk was using a VB schedule that was not approved by the Municipal Judge.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to ensure fines and court costs assessed and collected through the VB agree to the standard fines and court costs unless there is documented approval by the Prosecuting Attorney or the Municipal Judge; and ensure violations not allowed to be handled through the VB are heard in court and are properly posted to the case management system.

Recommendations

The City of Shelbina Municipal Division:

- 3.1 Report municipal division activity and collections to the state and city monthly.
- 3.2 Ensure the proper disposition of cases is documented in manual and electronic records and sufficient documentation is maintained to support all case actions.
- 3.3 Ensure the Municipal Judge signs all court dockets and reviews and approves all amended and dismissed tickets.
- 3.4 Work with the police department to ensure the numerical sequence and ultimate disposition of all tickets, including voided tickets, are accounted for properly.
- 3.5 Develop procedures to ensure fines and court costs assessed and collected through the VB agree to the standard fines and court costs unless there is documented approval by the Prosecuting Attorney or the Municipal Judge; and ensure violations not allowed to be



handled through the VB are heard in court and are properly posted to the case management system.

Auditee's Response

- 3.1 *We agree and are working to implement this recommendation.*
- 3.2 *We have implemented a new case management system that will address this recommendation.*
- 3.3 *The new case management system automatically generates case docket sheets for the Municipal Judge to sign and the Court Clerk will ensure the case docket sheets are filed with the manual case files. The new system also reports all tickets on the docket.*
- 3.4 *The Municipal Division and Police Marshal agree. The new case management system includes a feature for police officers to generate electronic tickets. These tickets are automatically numbered by the system and sent through the system to the court. Voided tickets are tracked in the system and reviewed by the police department.*
- 3.5 *The approved fine schedule is now loaded into the new case management system. All cases show on the docket, so the judge would be able to notice any deviations. As noted in the response at 3.3, the system now automatically generates docket sheets where the Municipal Judge indicates the judgement and signs his approval. In addition, the new case management system requires only one entry for changes to the assessed fines and court costs, which will reduce the entry errors; the prior system required changes in multiple places.*

4. Electronic Data Security

The municipal division has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Court Clerk and city personnel authorized to access the case management system are not required to periodically change their passwords and passwords are not required to contain a minimum number of characters. In addition, the division does not have security controls in place to lock computers after a specified number of incorrect logon attempts.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping it confidential. However, since passwords are not required to be periodically changed and are not required to contain a minimum number of characters, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be hard to guess and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of



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computers and data. Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendation

The Shelbina Municipal Division require employees to periodically change their passwords and ensure passwords contain a minimum number of characters to prevent unauthorized access to municipal division computers and data. In addition, require each computer to have security controls in place to lock it after a specified number of incorrect logon attempts.

Auditee's Response

We have implemented a new case management system that will address this recommendation.

5. Excess Revenues

The municipal division does not have procedures in place to identify minor traffic violation tickets and the associated fines and court costs collected. This information is needed so that city officials can accurately calculate whether the city owes excess revenues to the Missouri Department of Revenue (DOR). City officials did not perform any calculations to determine if amounts were due to the DOR.

To determine if excess revenues were collected in fiscal year 2015, we reviewed the city's audited year-end statement of revenues and expenditures for the General Fund that showed total operating revenues of \$424,213. We compared that amount to total revenues disbursed to the city by the court (\$85,684 in fiscal year 2015). We did not determine the revenues received from minor traffic violations because the municipal division does not have procedures in place to track those types of violations and related revenues received. The percentage of general operating revenue derived from total court revenue for 2015 is about 20 percent. The municipal division needs to take action to begin identifying revenues received from minor traffic violations and work with the city to accurately calculate this percentage in future years to ensure compliance with state law.

Section 302.341.2, RSMo (as it existed from August 28, 2013, to August 27, 2015), required cities to provide an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations in its annual financial report submitted to the SAO (as required by Section 105.145, RSMo), and required cities to remit any such revenues in excess of 30 percent of annual general operating revenue to the DOR.

Effective August 28, 2015, Senate Bill 5 changed the excess revenues requirements. Section 479.350, RSMo, provides new definitions for elements of the excess revenues calculation. Section 479.359.1, RSMo,



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requires cities to annually calculate the percent of annual general operating revenue from fines, bond forfeitures, and court costs for minor traffic violations and send any excess revenues to the DOR. Section 479.359.2, RSMo, reduces the amounts of these revenues the city may retain in the future.

Due to the impact of these provisions on operations of the municipal division and the city, it is important the city and municipal division take immediate action to implement policies and procedures to ensure future compliance with state law.

Recommendation

The Shelbina Municipal Division work with the city to prepare and ensure the accuracy of annual excess revenue calculations and include appropriate general operating revenues and court revenues in the calculations. In addition, the Board of Aldermen should calculate excess revenues for fiscal year 2015 and past years, maintain documentation to support the calculations, make payment to the DOR, if appropriate, for any excess revenues identified, and establish a procedure going forward.

Auditee's Response

The Municipal Division and City Clerk agree. The new case management system has a tracking mechanism to identify minor traffic violation tickets and the associated fines and court costs collected. The city has reviewed 2015 and will file required documentation and will review and file 2016 once the CPA audit has been completed.

Forty-First Judicial Circuit

City of Shelbina Municipal Division

Organization and Statistical Information

The City of Shelbina Municipal Division is in the Forty-First Judicial Circuit, which consists of Macon and Shelby Counties. The Honorable Frederick P. Tucker 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 does not utilize OSCA's statewide automated case management system known as JIS. Instead, the municipal division utilizes Lawman, an automated case management system provided by IDS Applications Inc., which has not been approved for use in municipal divisions by the State Judicial Records Committee.

Personnel

At June 30, 2016, the municipal division employees were as follows:

Title	Name
Municipal Judge	Mike Greenwell
Court Clerk ¹	Lori Decker

¹ Erin Johnson served as the Court Clerk from July 1, 2014, until May 13, 2015, when she was terminated from the position. Lori Decker was subsequently appointed by the Mayor and confirmed by the City Council on June 1, 2015.

Financial and Caseload Information

	Year Ended June 30,	
	2016	2015
Receipts	\$169,749	\$102,991
Number of cases filed	1,659	1,226

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
Sheriff's Retirement	3.00

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-safety/2015agencyreports.pdf?sfvrsn=2>. The following table presents data excerpted from the AGO report for the City of Shelbina 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



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 Organization and Statistical Information

vehicle stops executive summary along with definitions for footnotes of the following table.

Racial Profiling Data/2015 - Shelbina Police Department - Population 1,353¹

Key Indicators	Total	White	Black	Hispanic	Asian	Am. Indian	Other
Stops	1284	1047	144	34	20	4	35
Searches	65	53	8	3	0	0	1
Arrests	66	46	14	6	0	0	0
Statewide Population %	N/A	82.76	10.90	2.94	1.71	0.41	1.28
Local Population %	N/A	97.86	0.59	1.18	0.07	0.07	0.22
Disparity Index ²	N/A	0.83	18.97	2.24	21.07	4.21	12.29
Search Rate ³	5.06	5.06	5.56	8.82	0.00	0.00	2.86
Contraband hit rate ⁴	40.00	35.85	62.50	66.67	#Num!	#Num!	0.00
Arrest rate ⁵	5.14	4.39	9.72	17.65	0.00	0.00	0.00

¹ 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.

² 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.

³ Search rate = (searches / stops) X 100

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

⁵ Arrest rate = (arrests / stops) X 100

#Num! indicates zero denominator

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Supporting Documentation - Undeposited Electronic Receipts

<u>Receipt Date</u>	<u>Computerized Case Tracking Number</u>	<u>Amount Received But Not Transmitted or Deposited</u>	<u>Composition Noted on Electronic Receipts</u>
<u>Prior Court Clerk</u>			
06/25/2014	31	\$ 26	Unidentified
07/08/2014	194	10	Unidentified
07/21/2014	303	10	Unidentified
08/15/2014	253	100	Check
08/27/2014	388	125	Check
10/08/2014	474	226	Check
11/19/2014	495	176	Unidentified
12/26/2014	1087	25	Cash
02/13/2015	796	61	Unidentified
03/27/2015	1202	44	Unidentified
03/27/2015	1202	256	Unidentified
05/04/2015	30	26	Unidentified
Total for Prior Court Clerk		<u>1,084</u>	
<u>No Court Clerk, receipts handled by the Police Department</u>			
05/22/2015	954	<u>200</u>	Unidentified
Total for period with no Court Clerk		<u>200</u>	
Total		<u>\$ 1,284</u>	