



TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-37
May 21, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

Audit Report # 99-37 May 21, 1999

The Twentieth Judicial Circuit consists of Franklin County as well as the counties of Gasconade and Osage.

The Twentieth Judicial Circuit is made-up of two circuit judges and five associate circuit judges. The circuit judges hear cases throughout the circuit. Of the five associate circuit judges, three are located in Franklin County and preside over the Associate Circuit Court (Divisions VI and VII) and the Probate Division Court (Division V). The other two associate judges are located in the counties of Gasconade and Osage.

Circuit personnel located in Gasconade and Osage counties are not included in the scope of this audit but are reported on separately.

The juvenile officer's home base is Franklin County, but he also serves residents of Gasconade and Osage counties.

The following findings are some of the problems discovered after our office conducted an audit of the Twentieth Judicial Circuit Court of Franklin County, Missouri.

Associate Division VI & Associate Division VII

Both Associate Division VI and Associate Division VII have remaining accounting control and procedures problems pointed out to the Circuit in 1995.

The duties of receiving, recording, and depositing monies collected by Associate Division VI and Associate Division VII are not adequately segregated. Currently, any of the five employees in Division VI have the authority to perform all of the duties related to the collection, recording, and deposit of court monies. In Division VII, one of the division clerks performs all these duties with help from the deputy clerk in receiving and recording monies.

The State Auditor recommended that both divisions adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review by an independent person of the bank reconciliations and the comparison of recorded receipts to amounts deposited. Court officials in Division VI said they will comply with the recommendation, while Division VII responded that the judge is now reviewing the bank statements on a monthly basis.

Both Associate Division VI and Associate Division VII do not always issue civil account receipt slips immediately upon receipt of monies. The Court Clerks in both divisions indicated that monies are received as time permits, and sometimes filing fees are held and not receipted until a case is actually opened. In Division VII we also found that checks and money orders are not restrictively endorsed immediately upon receipt. Similar conditions were also noted in the audit report issued in 1995, but these problems still exist. The court now indicates it will start restrictive endorsements and will try to correct the other problems.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be entered into the receipt ledger and checks and money orders restrictively endorsed immediately upon receipt, and deposits should be made daily.

Juvenile Office

The juvenile office maintains a bank account for court ordered restitution payments and donations. This restitution account includes two types of money, restitution monies received from juveniles and donations used to pay restitution in exchange for community service hours worked by the juvenile who committed the crime.

Our review of the juvenile office's accounting controls and procedures related to restitution payments found that an accurate balance is not maintained for each type of money held in the account. Furthermore, monthly listings of open items (liabilities) for the restitution monies are not prepared. Also there is no supervisory review of the accounting records, and receipt slips were not issued for some monies received. **We pointed these problems out to the juvenile office in 1995, however corrections were not made.** The Juvenile Officer now indicates that all recommendations have been implemented.

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Twentieth Judicial Circuit
Franklin County, Missouri

We have audited the accompanying special-purpose financial statements of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the judicial circuit's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, and are not intended to be a complete presentation of the financial position and results of operations of the various funds of the judicial circuit.

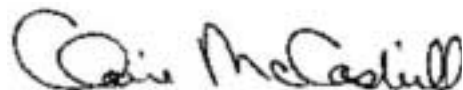
Governmental Accounting Standards Board Technical Bulletin 99-1, *Disclosures about Year 2000 Issues--an amendment of Technical Bulletin 98-1*, requires disclosure of certain matters regarding the year 2000 issue. The Twentieth Judicial Circuit, Franklin County, Missouri, has included such disclosures in Note 3. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the judicial circuit's

disclosures with respect to the year 2000 issue made in Note 3. Further, we do not provide assurance that the judicial circuit is or will become year 2000-compliant, that the judicial circuit's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the judicial circuit does business will become year 2000-compliant.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 17, 1999, on our consideration of the judicial circuit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the State Courts Administrator's office, Franklin County, and the Twentieth Judicial Circuit and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

February 17, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Twentieth Judicial Circuit
Franklin County, Missouri

We have audited the special-purpose financial statements of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated February 17, 1999. That report expressed a qualified opinion on the special-purpose financial statements. Except as discussed in that report, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, are free of material misstatement, we performed tests of the judicial circuit's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

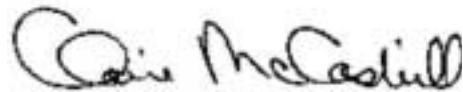
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the various funds of the Twentieth Judicial Circuit, Franklin County, Missouri, we considered the judicial circuit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to

be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the judicial circuit's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the Twentieth Judicial Circuit, Franklin County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

February 17, 1999 (fieldwork completion date)

Financial Statements

Exhibit A

TWENTIETH JUDICIAL CIRCUIT
 FRANKLIN COUNTY, MISSOURI
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH-VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

	Circuit Division Fund	Associate Division VI Fund	Associate Division VII Fund	Probate Division Fund	Juvenile Office Fund	Law Library Fund	Total (Memorandum Only)
RECEIPTS							
Court deposits, fees, bonds, and others	\$ 1,696,545	1,062,179	1,099,772	55,936	7,308	12,736	3,934,476
Child support	5,820,127	0	0	0	0	0	5,820,127
Interest income	16,167	2,291	2,659	1,069	0	616	22,802
Total Receipts	<u>7,532,839</u>	<u>1,064,470</u>	<u>1,102,431</u>	<u>57,005</u>	<u>7,308</u>	<u>13,352</u>	<u>9,777,405</u>
DISBURSEMENTS							
State of Missouri:							
Court fees	114,583	145,765	164,854	25,021	0	0	450,223
Title IV-D	309,582	0	0	0	0	0	309,582
County officials	166,210	440,433	492,657	14,368	0	0	1,113,668
Child support	5,457,759	0	0	0	0	0	5,457,759
Supplies and equipment	798	0	4,847	450	0	4,298	10,393
Refunds and other	1,477,460	483,674	438,254	25,582	7,375	600	2,432,945
Total Disbursements	<u>7,526,392</u>	<u>1,069,872</u>	<u>1,100,612</u>	<u>65,421</u>	<u>7,375</u>	<u>4,898</u>	<u>9,774,570</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,447	-5,402	1,819	-8,416	-67	8,454	2,835
CASH, JANUARY 1	512,154	46,663	75,702	58,165	1,784	25,010	719,478
CASH, DECEMBER 31	<u>\$ 518,601</u>	<u>41,261</u>	<u>77,521</u>	<u>49,749</u>	<u>1,717</u>	<u>33,464</u>	<u>722,313</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

TWENTIETH JUDICIAL CIRCUIT
 FRANKLIN COUNTY, MISSOURI
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH-VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1997

	Circuit Division Fund	Associate Division VI Fund	Associate Division VII Fund	Probate Division Fund	Juvenile Office Fund	Law Library Fund	Total (Memorandum Only)
RECEIPTS							
Court deposits, fees, bonds, and others	\$ 930,014	905,463	930,338	78,446	7,673	11,162	2,863,096
Child support	5,491,444	0	0	0	0	0	5,491,444
Interest income	14,761	1,647	2,708	1,149	0	483	20,748
Total Receipts	<u>6,436,219</u>	<u>907,110</u>	<u>933,046</u>	<u>79,595</u>	<u>7,673</u>	<u>11,645</u>	<u>8,375,288</u>
DISBURSEMENTS							
State of Missouri:							
Court fees	129,533	135,238	142,454	37,875	0	0	445,100
Title IV-D	434,313	0	0	0	0	0	434,313
County officials	162,299	412,859	410,810	14,321	0	0	1,000,289
Child support	5,056,690	0	0	0	0	0	5,056,690
Supplies and equipment	22,346	6,291	3,296	4,290	0	4,303	40,526
Refunds and other	622,728	350,849	395,382	10,272	8,049	650	1,387,930
Total Disbursements	<u>6,427,909</u>	<u>905,237</u>	<u>951,942</u>	<u>66,758</u>	<u>8,049</u>	<u>4,953</u>	<u>8,364,848</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,310	1,873	-18,896	12,837	-376	6,692	10,440
CASH, JANUARY 1	503,844	44,790	94,598	45,328	2,160	18,318	709,038
CASH, DECEMBER 31	<u>\$ 512,154</u>	<u>46,663</u>	<u>75,702</u>	<u>58,165</u>	<u>1,784</u>	<u>25,010</u>	<u>719,478</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Twentieth Judicial Circuit, Franklin County, Missouri.

Receipts, disbursements, and changes in cash are presented for the various funds administered by the Twentieth Judicial Circuit, Franklin County, Missouri. The operating costs of the offices within the circuit are paid directly from appropriations authorized by the County Commissions within the judicial circuit and the state of Missouri and are not included in these financial statements. The funds administered by the circuit officials located in Osage and Gasconade counties are reported on separately.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash for the Twentieth Judicial Circuit, Franklin County, Missouri, are prepared on the cash basis of accounting; accordingly, amounts are recognized when they are received or disbursed. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The Twentieth Judicial Circuit, Franklin County, Missouri, includes the transactions of the Circuit Division, the Associate Circuit Divisions, the Probate Division, the Juvenile Office, and the Law Library Fund. Each officeholder has been charged with the responsibility of administering the transactions in his or her division. The Law Library Fund is maintained by the Circuit Clerk and one of his deputies. The Twentieth Judicial Circuit, Franklin County, Missouri, administers transactions within the following funds:

Circuit Division Fund: This fund accounts for the transactions of the Circuit Clerk's office. These transactions include receipts and disbursements of the criminal, civil, and child support accounts.

Associate Division VI Fund: This fund accounts for the transactions of the Associate Division VI. These transactions include receipts and disbursements of court costs, fines, fees, bonds, and interest income.

Associate Division VII Fund: This fund accounts for the transactions of the Associate Division VII. These transactions include receipts and disbursements of court costs, fines, fees, bonds, and interest income.

Probate Division Fund: This fund accounts for the transactions of the Probate Division. These transactions include receipts and disbursements of court deposits and fees.

Juvenile Office Fund: This fund accounts for the transactions of the Juvenile Office. These transactions include receipts and disbursements of restitution payments and donations.

Law Library Fund: This fund accounts for the transactions of the law library, including fees collected from Circuit Division deposits and the related interest income. Disbursements are legally restricted for maintenance of a law library.

2. Cash

Section 483.310, RSMo Cumulative Supp. 1998, authorizes circuit courts to place their funds in savings deposits in banks and savings and loan associations or in U.S. Treasury bills.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks and savings institutions.

The circuit court's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the court's custodial bank in the circuit court's name.

3. Year 2000 Compliance

Circuit Division:

Several tests have been completed to determine if the current system used for the administration of the courts is compatible for the problems caused by the year 2000. Although the hardware is Y2K compatible, it has been determined that the software is not Y2K compatible. The Office of the State Courts Administrator (OSCA) computer division has indicated that the circuit division is scheduled to convert to the statewide automation system, BANNER. This conversion will take place sometime during the summer of 1999, while the equipment for this system is to be in place by the end of March 1999. The OSCA has indicated that the new computer system will be Y2K compatible. The new federally mandated child support system, MACSS, is Y2K compatible.

Associate Division VI:

This division has relied on information from the OSCA regarding the ACMS system and its compliance for Y2K. This system is used for traffic, misdemeanors and felonies and involves three of the division's five computers. The OSCA has indicated that they are working on the Y2K concern relating to the ACMS system. The division will be notified when the work is complete.

The other two computers used by this division do not use state systems or programs and should be Y2K compatible.

Associate Division VII:

This division completed most of the updating for the year 2000 in late 1998. Computers within this division are the major areas of Y2K concern. The new computers in this division are reported to be fully compliant for the year 2000. The OSCA has indicated that they are working on the Y2K concern relating to the ACMS system and they plan to be fully compliant for the year 2000. The division will be notified when the work is complete. Other matters beyond the division's control could impact the operations of the courts.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Recommendations

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
SUMMARY OF FINDINGS

1. Associate Division VI's Accounting Controls and Procedures (pages 17-18)

Accounting duties are not adequately segregated, receipt slips for civil monies collected are not issued immediately upon receipt and civil monies are not deposited timely. Civil receipt slips do not indicate the method of payment and reconciliations are not performed between the composition of court receipts and composition of deposits.

2. Associate Division VII's Accounting Controls and Procedures (pages 18-19)

Accounting duties are not adequately segregated, receipt slips for civil monies collected are not issued immediately upon receipt, and civil monies are not deposited timely. Checks and money orders are not restrictively endorsed immediately upon receipt.

3. Juvenile Officer's Accounting Controls and Procedures (pages 20-21)

Accounting duties are not adequately segregated and monies in the restitution account are not adequately classified by type and properly identified by case. Receipt slips are not always issued for monies received and do not indicate method of payment received.

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We have audited the special-purpose financial statements of the Twentieth Judicial Circuit, Franklin County, Missouri, as of and for the two years ended December 31, 1998, and have issued our report thereon dated February 17, 1999. That report expressed a qualified opinion on the special-purpose financial statements. The following Management Advisory Report presents our findings and recommendations arising from our audit of the judicial circuit's special-purpose financial statements.

1. Associate Division VI's Accounting Controls and Procedures
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- A. The duties of receiving, recording, and depositing monies collected by the Associate Division VI are not adequately segregated. Currently, any of the five employees in Division VI have the authority to perform all of the duties related to collecting, recording, and depositing court monies. The judge indicated he occasionally performs a review of bank reconciliations, but this is not documented.

To adequately safeguard monies and reduce the risk of loss, theft, or misuse of funds, the duties of receiving and depositing monies should be segregated from recording transactions and reconciling the bank account. If duties cannot be segregated, at a minimum, there should be a documented independent review of the bank reconciliation and a comparison of recorded receipts to amounts deposited.

- B. The court does not always issue civil account receipt slips immediately upon receipt of monies. The Court Clerk indicated that monies are receipted as time permits, but sometimes filing fees are held and not receipted until a case is actually opened. In addition, civil receipts are not deposited on a timely basis. During our review, we observed 29 checks totaling over \$1,000 for garnishments and civil filing fees that were not receipted or deposited; a few were held four to six weeks from the date on the check. Deposits are generally made about twice a week and average approximately \$2,200.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be entered into the receipt ledger immediately upon receipt and deposits should be made daily or when accumulated receipts exceed \$100.

- C. Our review noted the following regarding verification of composition:
- 1) The civil receipt ledgers used by Associate Division VI do not indicate the method of payment received.

- 2) Although the method of payment is documented on the receipt slips issued for bonds and criminal fees, the Associate Division VI does not reconcile the composition of receipt slips to the composition of deposits.

To ensure receipts are deposited intact, the method of all payments received should be indicated on the receipt slips and the composition of receipt slips issued should be reconciled to the composition of deposits.

Similar conditions were also noted in our two prior reports.

WE AGAIN RECOMMEND the Associate Division VI:

- A. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review by an independent person of the bank reconciliations and the comparison of recorded receipts to amounts deposited.
- B. Enter all receipts in the receipt ledger immediately upon receipt, and deposit receipts daily or when accumulated receipts exceed \$100.
- C.1. Indicate the method of payment in the civil receipt ledger.
 2. Reconcile total cash, checks, and money orders received to the amounts deposited in each respective account.

AUDITEE'S RESPONSE

The Associate Circuit Judge, Division VI, and the Division Clerk provided the following responses:

A,C.1,

&C.2. We will comply.

- B. New case filing deposits and garnishment deposits are normally held until the work is processed because we indicate the return date on the receipt. We will try harder to comply.*

2. Associate Division VII's Accounting Controls and Procedures

- A. The duties of receiving, recording, and depositing monies collected by the Associate Division VII are not adequately segregated. Currently, one of the division clerks performs all these duties with help from the deputy clerk in receiving and recording monies. The judge indicated he occasionally performs a review of bank reconciliations, but this is not documented.

To adequately safeguard monies and reduce the risk of loss, theft, or misuse of funds, the duties of receiving and depositing monies should be segregated from recording transactions and reconciling the bank account. If duties cannot be segregated, at a minimum, there should be a documented independent review of the bank reconciliation and a comparison of recorded receipts to amounts deposited.

- B. The court does not always issue civil account receipt slips immediately upon receipt of monies. The Court Clerk indicated that filing fees are sometimes held and not receipted until a case is actually opened. In addition, civil receipts are not deposited on a timely basis. Deposits are generally made about one or two times a week and average approximately \$2,500.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be entered into the receipt ledger immediately upon receipt and deposits should be made daily or when accumulated receipts exceed \$100.

- C. Checks and money orders are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, these negotiable instruments should be restrictively endorsed immediately upon receipt.

Conditions B and C were also noted in our prior report.

WE RECOMMEND the Associate Division VII:

- A. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review by an independent person of the bank reconciliations and the comparison of recorded receipts to amounts deposited.
- B. Enter all receipts in the receipt ledger immediately upon receipt, and deposit receipts daily or when accumulated receipts exceed \$100.
- C. Restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Associate Circuit Judge, Division VII, and the Division Clerk provided the following responses:

- A. *The Judge is now reviewing the bank statements on a monthly basis.*
- B. *We will consider receipting, endorsing, and depositing the civil checks upon receipt and opening the case file when time allows. It is a logistical problem to make those deposits more timely.*
- C. *We will start doing this.*

3. Juvenile Officer's Accounting Controls and Procedures

The juvenile office maintains a bank account for court ordered restitution payments and donations. Our review of the juvenile office's accounting controls and procedures related to restitution payments disclosed the following concerns:

- A. There is no supervisory review of the accounting records. The juvenile office bookkeeper is responsible for issuing receipt slips, preparing deposits, posting receipts to the cash control and restitution files, and preparing the bank reconciliation.

To adequately safeguard monies and reduce the risk of loss, theft, or misuse of funds, the duties of receiving and depositing monies should be segregated from recording transactions and reconciling the bank account. If duties cannot be segregated, at a minimum, there should be a documented independent review of the bank reconciliation and a comparison of recorded receipts to amounts deposited.

- B. The restitution account includes restitution monies received from juveniles and paid to the applicable victims, and United Fund monies which are donations used to pay restitution to the applicable victim in exchange for community service hours worked by the applicable juvenile. An accurate balance is not maintained for each type of money held in the account. Furthermore, monthly listings of open items (liabilities) for the restitution monies are not prepared. At December 31, 1998, the restitution account had a balance of \$ 1,718.

Maintenance of a running balance for each type of money in the restitution account, and a monthly listing of open items, is necessary to ensure proper accountability over open cases and to ensure the monies held in trust by the juvenile office are sufficient to meet liabilities.

- C. Receipt slips are not always prepared for monies received. To adequately account for all receipts, receipt slips should be issued for all monies collected and the numerical sequence should be accounted for properly.
- D. The receipt slips that are issued by the juvenile office do not always indicate the method of payment received. To ensure receipts are deposited intact, the method of all payments received should be indicated on the receipt slips. The composition of receipt slips issued should be reconciled to the composition of deposits.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Juvenile Office:

- A. Adequately segregate the duties of receiving, recording, and depositing restitution payments. At a minimum, there should be a documented supervisory review by an independent person of the bank reconciliations and the comparison of recorded receipts to amounts deposited.
- B. Maintain a running balance of each type of money held in the restitution account, prepare monthly listings of open items, and reconcile these listings to the restitution balance in the restitution account.
- C. Issue receipt slips for all monies received and account for the numerical sequence.
- D. Indicate the method of payment on each receipt slip and reconcile total cash, checks and money orders received to amounts deposited.

AUDITEE'S RESPONSE

The Juvenile Officer indicated all recommendations have been implemented.

This report is intended for the information of the management of the Twentieth Judicial Circuit, Franklin County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Twentieth Judicial Circuit, Franklin County, Missouri, on recommendations made in the Management Advisory Report (MAR) of our report issued for the two years ended December 31, 1994. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the judicial circuit should consider implementing these recommendations.

1. Circuit Clerk's Accounting Controls and Procedures

- A. The open items listing indicated that there was \$4,464 in unidentified monies being held.
- B. At December 31, 1994, checks written on the child support account totaling \$1,995 had been outstanding for more than one year.
- C. Checks and money orders were not restrictively endorsed until the deposit was prepared.

Recommendation:

The Circuit Clerk:

- A. Investigate and resolve differences between the monthly open items listings and the reconciled cash balances. Any excess balance which cannot be ultimately identified should be disposed of through the applicable statutory provisions.
- B. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, procedures to routinely follow up and reissue any old outstanding checks should be adopted.
- C. Restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Partially implemented. Part of the prior balance (\$1,750) has been paid out. Less than one percent of the total balance is currently unidentified.
- B. Partially implemented. At December 31, 1998, there were approximately \$6,150 in old outstanding checks. These old checks have since been voided and the court is in the process of reissuing the checks.

- C. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

2. Associate Circuit Division VI's Accounting Controls and Procedures

- A. The court did not always issue civil account receipt slips immediately upon receipt of monies. In addition, civil receipts were not deposited on a timely basis.
- B. The receipt ledgers used by the Associate Circuit Division VI did not indicate the method of payments received.
- C. The Associate Circuit Division VI voided old outstanding checks and turned the related funds over to the County Treasurer for credit to the County Escheats Fund. Statutory provisions specify some unclaimed funds are to be remitted to the state.
- D. The duties of receiving, recording, and depositing monies collected by the Associate Circuit Division VI were not adequately segregated.
- E. The court allowed fines and court costs for certain offenses to be paid prior to the court date, however, there were some offenses that were not included on this schedule that could also be paid prior to the court date.

Recommendation:

The Associate Circuit Division VI:

- A. Enter all receipts in the receipt ledger immediately upon receipt, and deposit receipts daily or when accumulated receipts exceed \$100.
- B. Indicate the method of payment in the receipt ledgers and reconcile total cash, checks, and money orders received to amounts deposited.
- C. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- D. Adequately segregate duties between available employees and/or establish a documented periodic review of division records by an independent person.
- E. Request the Prosecuting Attorney to document the amount of fines and court costs assessed in the case files and sign off on the amounts assessed.

Status:

A&D. Not implemented. See MAR No. 1.

B. Partially implemented. The method of payment is indicated for bond and criminal monies, however, not for civil monies received. Reconciliations are not performed of total cash, checks, and money orders received to amounts deposited. See MAR No. 1.

C&E. Implemented.

3. Associate Circuit Division VII's Accounting Controls and Procedures

A. The court did not always issue civil account receipt slips immediately upon receipt of monies. In addition, civil receipts were not deposited on a timely basis.

B. The civil account and bond receipt ledgers used by the Associate Circuit Division VII did not indicate the method of payments received.

C. Checks and money orders were not restrictively endorsed immediately upon receipt.

D. The Associate Circuit Division VII voided old outstanding checks and turned the related funds over to the County Treasurer for credit to the County Escheats Fund. Statutory provisions specify some unclaimed funds are to be remitted to the state.

Recommendation:

The Associate Circuit Division VII:

A. Enter all receipts in the receipt ledger immediately upon receipt, and deposit receipts daily or when accumulated receipts exceed \$100.

B. Indicate the method of payment in the receipt ledgers and reconcile the total cash, checks, and money orders received to amounts deposited.

C. Restrictively endorse checks and money orders immediately upon receipt.

D. Reissue old outstanding checks to any payees who can be located. If the payees of old outstanding checks cannot be located, the monies should be disposed of through the applicable statutory provisions.

Status:

A&C. Not implemented. See MAR No. 2.

B&D. Implemented.

4. Ticket Accountability

Neither the Sheriff's department nor the Prosecuting Attorney's office accounted for the numerical sequence of traffic tickets issued by the Franklin County Sheriff's department.

Recommendation:

The Associate Circuit divisions work with the Franklin County Sheriff's department and the Prosecuting Attorney's office to ensure the listing of tickets issued is reviewed and any missing tickets are accounted for properly.

Status:

Partially implemented. Three out of 100 tickets reviewed were not listed in the log, however the Associate Circuit Division was able to locate cases for two of these three tickets. Although not repeated in the current report, our recommendation remains as stated above.

5. Juvenile Officer's Accounting Controls and Procedures

- A. Receipt slips were not prenumbered by the printer and were not prepared for all monies received. In addition, the receipt ledger maintained by the juvenile office did not list each receipt individually.
- B. The receipt slips that were issued by the juvenile office did not indicate the method of payment received.
- C. Formal monthly bank reconciliations were not prepared for the restitution account during 1993 and 1994. In addition, a running balance was not maintained in the checkbook register for the restitution account in 1993.
- D. The restitution account includes restitution payments and donations, however the account balance is not classified by type of money. Monthly listings of open items (liabilities) were not prepared.
- E. There was no supervisory review of the accounting records.

Recommendation:

The Juvenile Office:

- A. Issue preprinted, prenumbered receipt slips for all monies received and account for the numerical sequence.

- B. Indicate the method of payment on each receipt slip and reconcile total cash, checks and money orders received to amounts deposited.
- C. Perform monthly bank reconciliations and maintain a running balance of the restitution account in the checkbook register.
- D. Maintain a running balance of each type of money held in the restitution account, prepare monthly listings of open items, and reconcile these listings to the balance in the restitution account.
- E. Adequately segregate duties between available employees and/or establish a documented periodic review of division records by an independent person.

Status:

- A. Partially implemented. The juvenile office receipt slips are preprinted and prenumbered, however, they are not issued for all monies received and the numerical sequence is not accounted for properly. See MAR No. 3.
- B, D
& E. Not implemented. See MAR No. 3.
- C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

TWENTIETH JUDICIAL CIRCUIT
FRANKLIN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organization

The Twentieth Judicial Circuit consists of Franklin County as well as the counties of Gasconade and Osage.

The Twentieth Judicial Circuit consists of two circuit judges and five associate circuit judges. The circuit judges hear cases throughout the circuit. One circuit judge also serves as presiding circuit judge on a rotating basis and is responsible for administration of the circuit. Of the five associate circuit judges, three are located in Franklin County and preside over the Associate Circuit Court, (Divisions VI and VII) and the Probate Division Court (Division V). The other two associate judges are located one each in Gasconade County and Osage County.

In addition to the judges, the personnel of the Twentieth Judicial Circuit, Franklin County, Missouri, include a circuit clerk, two associate division clerks, a probate division clerk, twenty-one deputy clerks, a juvenile officer, fourteen deputy juvenile officers, two court reporters, one secretary, and nine full-time juvenile office support staff.

Circuit personnel located in Gasconade and Osage counties are not included in the scope of this audit, but are reported on separately.

The juvenile officer's home base is Franklin County, but he also serves residents of Gasconade and Osage counties.

Operating Costs

The operating expenses of the various courts are paid by Franklin County. The operating expenses for the circuit judges, court reporters, and juvenile office are paid for by the various counties within the circuit based on the percentage of the county's population to the total circuit population.

The salaries of the court personnel are paid by the state of Missouri. The salaries of the Juvenile Detention Center are paid by Franklin County. The salaries of the remaining juvenile office personnel are paid for by the various counties within the circuit based on the percentage of each county's population to the total circuit population. The salary of the Juvenile Officer is paid by the state of Missouri and by the various counties within the circuit.

Expenditures incurred for Franklin County were obtained from the Franklin County budget and from information provided by the State Courts Administrator's office and are as follows:

	Year Ended December 31,					
	1998			1997		
	State of Missouri- Personal Service	Franklin County		State of Missouri- Personal Service	Franklin County	
	Personal Service	Operating Expenses		Personal Service	Operating Expenses	
Circuit Court Divisions I-II	\$ 218,730	0	40,673	209,794	0	72,970
Circuit Clerk	273,024	0	45,749	257,917	0	38,909
Associate Circuit Court						
Divisions VI - VII	459,221	0	51,963	439,602	0	34,874
Probate Division V	79,249	0	15,089	75,231	0	11,584
Juvenile Office and Detention Center	36,146	367,362	323,857	34,307	316,772	327,804
Court reporters	86,846	0	2,675	82,476	0	1,929
Total	\$ <u>1,153,216</u>	<u>367,362</u>	<u>480,006</u>	<u>1,099,327</u>	<u>316,772</u>	<u>488,070</u>

Caseload Statistics

Caseload statistics of the filings and dispositions of the Twentieth Judicial Circuit, Franklin County, Missouri, provided by the State Courts Administrator's Missouri Judicial Reports, are as follows:

	Year Ended June 30,			
	1998		1997	
	Filings	Dispositions	Filings	Dispositions
Civil	3,959	3,816	4,022	3,906
Criminal	12,965	11,774	12,156	11,496
Juvenile	202	169	203	210
Probate	242	287	124	130
Total	<u>17,368</u>	<u>16,046</u>	<u>16,505</u>	<u>15,742</u>

Personnel

On December 31, 1998, the judges, Circuit Clerk, and Juvenile Officer of the Twentieth Judicial Circuit, Franklin County, Missouri, were:

John C. Brackman, Circuit Judge, Division I (Presiding Judge)

Jeff W. Schaeperkoetter, Circuit Judge, Division II

Walter A. Murray Jr., Associate Circuit Judge, Division V

Joseph M. Ladd, Associate Circuit Judge, Division VI

Stanley D. Williams, Associate Circuit Judge, Division VII
Bill D. Miller, Circuit Clerk
Gerald Poepsel, Juvenile Officer

An organization chart follows: