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Twenty-Second Judicial Circuit

City of St. Louis

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YELLOW SHEET

Findings in the audit of the Twenty-Second Judicial Circuit, City of St. Louis

Circuit Court Receipts

The independent review by the Circuit Clerk's Bookkeeping section is inadequate to ensure manual receipt slips are properly posted to the Justice Information System (JIS) and subsequently deposited. Manual receipt slips are not issued in numerical sequence which causes difficulties in accounting for all receipt slips. In addition, some pages of the receipt ledger are not submitted to the Bookkeeping section for review and verification, the method of payment and/or receipt amount is not recorded on the receipt ledger for some receipt slips, and original copies of some voided manual receipt slips are not maintained. There does not appear to be any statutory authority for the daily record fee assessed and collected on each civil case. The Circuit Clerk's office has not assessed witness fees for cases where the defendant is found guilty.

Justice Information System Account

The JIS liabilities list included $265,048 in unidentified amounts. In addition, the Circuit Clerk has not adequately reviewed the status of old cases on the liabilities list.

Old Circuit Fee Accounts

The Circuit Clerk needs to improve procedures related to old circuit fee bank accounts and investments. The Circuit Clerk's old fee accounts have had minimal activity since June 2006. Although the Circuit Clerk's office has reduced the reconciled balances by approximately $5 million since June 2002, the Circuit Clerk still has approximately $7.6 million in old bank accounts and investments. Our prior audits revealed numerous differences between the old computer system and manual case files. The Circuit Clerk needs to improve procedures related to bank reconciliations for the old bank accounts. Bank reconciliation differences and adjustments have not been investigated and corrected on a timely basis to ensure bank activity and accounting records are in agreement.

Court Ordered Bank Accounts

There are several old court ordered bank accounts on which no action has been taken. The December 31, 2009, court ordered bank account list includes 16 cases totaling $1,551,786. Eight of the cases originated prior to 1999, with some cases dating as far back as 1977.

Circuit Clerk's Disbursements

The Circuit Clerk does not have a formal procurement policy. We identified disbursements from the Circuit Clerk's Special Interest Fund made without soliciting competitive bids/proposals or documenting sole source providers, including accounting services and a docket prioritization system.

Pre-Trial Release

The Pre-Trial Release (PTR) office needs to improve policies and procedures related to the collection of bonds. Some bond amounts and types (i.e., cash, property, or surety) are not properly authorized or authorization for the bond accepted is not adequately documented. Procedures and controls for monies collected during non-business hours need improvement. There is no independent review to ensure receipts are properly transmitted to the Circuit Clerk's office, and the PTR office does not account for the numerical sequence of receipt slips issued. In addition, receipt slips are not issued in numerical sequence, which causes difficulties in accounting for all receipt slips.

Probate Division

Improvement is needed in Probate Division policies and procedures related to manual receipt slips issued and unidentified monies held. There is no independent review to ensure manual receipt slips are properly entered into the JIS and subsequently deposited. In addition, original copies of some voided manual receipt slips were not maintained. While bank reconciliations are prepared and reconciled to lists of liabilities, the JIS account has an unidentified balance of $8,124.

Juvenile Division

Controls over receipts initially collected in field offices need improvement. The Juvenile Division is unable to ensure all money orders received by the field offices are transmitted to the Restitution Office. Unnumbered payment forms are issued when money orders are received by field offices and a receipt log is not maintained. Money orders are not restrictively endorsed immediately upon receipt.

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Twenty-Second Judicial Circuit
City of St. Louis
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Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Twenty-Second Judicial Circuit
City of St. Louis, Missouri

We have audited certain operations of the Twenty-Second Judicial Circuit, City of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements, including the judicial circuit's divisions, for the years ended June 30, 2009 and 2008. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the 2 years ended June 30, 2009. The objectives of our audit were to:

1. Evaluate the judicial circuit's internal controls over significant financial functions such as receipts.

2. Evaluate the judicial circuit's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, 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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 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. 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 judicial circuit's management, Office of State Courts Administrator, and City of St. Louis and was not subjected to the procedures applied in our audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Twenty-Second Judicial Circuit, City of St. Louis.

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State Auditor

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1. Circuit Court Receipts

The Circuit Clerk's procedures related to manual receipt slips and witness fees need improvement. In addition, the Circuit Court needs to review court costs assessed. The Circuit Clerk processes approximately $23.3 million annually in monies received for civil and criminal case fees, fines, and bonds.

1.1 Manual receipt slips

Manual receipt slip procedures and controls need improvement. Receipts are normally posted to the Justice Information System (JIS) as received; however, manual one-write receipt slips are issued when the computer system is not available. The following concerns were noted during a review of manual receipt slips issued by the Circuit Clerk's office:

- The independent review by the Circuit Clerk's Bookkeeping section is inadequate to ensure manual receipt slips are properly posted to the JIS and subsequently deposited. Although the Cashier section is supposed to submit manual receipt ledger sheets to the Bookkeeping section to be accounted for numerically and traced to the JIS system, the Bookkeeping section does not ensure all pages of the receipt ledger are submitted and some pages are not submitted. In addition, manual receipt slips are not issued in numerical sequence, and the Circuit Clerk's office does not account for the numerical sequence of all manual receipt slips.

  After we discussed these concerns with Circuit Clerk personnel, the Circuit Clerk's office performed a review to account for the 1,768 manual receipt slip numbers which appeared to be used from June 7, 2007, through March 12, 2010. The Circuit Clerk's office could not account for 413 manual receipt slips during the review period. The Circuit Clerk's office also discovered 134 entries on the receipt ledger where the receipt number was not recorded (although the court case number or party was recorded). The Circuit Clerk's office could not readily determine the manual receipt slip number for these entries; therefore, they could represent some of the 413 noted above. In addition, some of the 413 receipt slips could have been issued prior to the time period reviewed, since manual receipt slips were not issued in numerical sequence.

- The method of payment (i.e., cash, check, or money order) and/or receipt amount is not recorded on the one-write receipt ledger for some receipt slips.

- Original copies of some voided manual receipt slips are not maintained.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the Circuit Clerk's office should properly account for the numerical sequence of manual receipt slips issued and ensure all monies collected are recorded in the JIS on a timely basis. The composition and amount of manual receipt slips should be individually compared to amounts recorded in the JIS. In addition, voided manual receipt slips should be properly mutilated and retained.

1.2 Court costs

There does not appear to be any statutory authority for the daily record fee assessed and collected on each civil case. The Court En Banc adopted Local Court Rule 5.2. authorizing the Circuit Clerk to collect a $2 Daily Record fee on each civil case. During the year ended June 30, 2009, the Circuit Clerk collected Daily Record fees of $57,543 and disbursed the fees to the Daily Record publication that publishes various notices for the court.

The local court rule indicates the authority for this fee is by order of the court. To ensure compliance with state law, the Court En Banc should review statutory authority for all court costs currently assessed.

1.3 Witness fees

The Circuit Clerk's office has not assessed witness fees for cases where the defendant is found guilty. Section 491.280, RSMo, provides witnesses are allowed to be paid $25 per day plus mileage for their services.

The state or defendant is liable to the city for the witness fees depending on the sentence. The state is liable for witness fees when the defendant is sentenced to imprisonment in the state Department of Corrections. For other cases in which the defendant is found guilty, the defendant is liable. The Circuit Clerk's office approves witness fee vouchers which are then paid by the city. The Circuit Clerk's office indicated witness fees cannot be assessed with other fees because his office has to wait for documentation of witness fees paid by the City Comptroller. The city paid witness fees totaling $19,549 and $21,831 during the years ended June 30, 2009 and 2008, respectively.

Section 483.550, RSMo, provides the Circuit Clerk should charge and collect every court cost to which the clerk is entitled by law. The Circuit Clerk is responsible for preparing and submitting cost bills to the state for reimbursement of certain costs in criminal cases where the state has been rendered liable pursuant to Section 221.105, RSMo. To ensure revenues are maximized, the Circuit Clerk should implement procedures to track and bill all reimbursable court costs.

Recommendations

1.1 The Circuit Clerk account for the numerical sequence of manual receipt slips to ensure they are recorded in the JIS on a timely basis and maintain original copies of all voided receipt slips. The Circuit Clerk should also ensure the method of payment and amount received are recorded on the one-write receipt ledger.

1.2 The Court En Banc review court costs and fees to ensure compliance with state law.

1.3 The Circuit Clerk ensure witness fees are assessed to the defendant or billed to the state on a timely basis.

Auditee's Response

The Circuit Clerk provided the following written responses:

1.1 We agree. In March 2010, following an inquiry by the Auditor, the office's Bookkeeping Department implemented procedures to track and account for manual receipts issued when JIS is not available. This issue arose after we began using JIS, the state created and controlled computer software system. JIS's reliability created instances where it was necessary to issue manual receipts, especially early after its implementation. Additionally, we routinely issued manual receipts on the last business day of the month in order to facilitate "closing the books" within the suggested time frame.

The Cashier's Office will ensure all voided receipts are maintained and all necessary information is properly documented on the receipt slip. Moreover, we no longer "close the books" before the end of the last business day of the month, thus reducing the number of manual receipts generated.

Even though there is no finding of any mishandling of funds, we are reviewing each of the 1,768 manual receipt slips issued. Our review traces the manual receipts to JIS records and the bank account to ensure the receipt was properly accounted for in each. To date of this response, we have accounted for 1,577 manual receipt slips and every receipt has been accounted for in JIS and in the bank account.

It should be noted that the transactions in question amount to less than 1% of the approximate 190,870 receipts we issued during this audit period.

1.3 We agree, and have established procedures to assess witness fees against the defendant in cases where the defendant was found guilty but did not go to prison, and assess and bill the state when a guilty defendant is sent to prison, thus triggering the City's right of reimbursement for witness fees.

We know the state collectable witness fees referenced in the audit are overstated, due to court costs being waived, or the defendant not being sent to prison. We will review each criminal case that went to trial, thus incurring the possibility of a state reimbursable witness fee. We will determine the actual amount of witness fees compensable and recover the fees from the state, even though JIS does not currently have the capability of performing this billing *function. Thereafter, we will review all remaining cases where a witness fee can be assessed and assess against the defendant.*

The Presiding Judge provided the following written response:

1.2 The Presiding Judge has referred this issue to the Court's Rules Committee to review the validity of the provision in Local Court Rule 5 that relates to the collection of this fee and report their findings to the Court en banc at its next meeting.

2. Justice Information System Account

Circuit Clerk procedures related to unidentified and old liabilities in the JIS Account need improvement. The JIS Account was opened in June 2006, when the Circuit Clerk began using the JIS. The JIS Account is used for all case fees, bonds, restitution, etc., unless a Judge orders monies held in a special court ordered bank account. At June 30, 2009, the JIS liabilities list totaled approximately $6.4 million.

2.1 Unidentified liabilities

The JIS liabilities list included the following unidentified amounts at June 30, 2009:

Unidentified Liability		June 30, 2009
Child support	$	214,264
Municipal		5,652
Unclaimed property		45,132
Total	$	265,048

The Circuit Clerk's office indicated the Child support, Municipal, and Unclaimed Property accounts were transferred to the JIS Account to close old inactive bank accounts and documentation from prior computer and manual systems would need to be reviewed to identify the amounts to specific cases. There has been little or no activity in these accounts since the implementation of the JIS in June 2006.

A detailed list of liabilities should be maintained which can be identified to specific cases or court costs. The Circuit Clerk should investigate any unidentified liabilities, and if proper disposition cannot be determined, dispose of them in accordance with state law.

2.2 Old liabilities

The Circuit Clerk has not adequately reviewed the status of old cases on the liabilities list. The following concerns were noted during a review of 30 cases included on the JIS liabilities list:

- Seven cases reviewed, totaling $2,866, should have been turned over to the State Treasurer Unclaimed Property Division since the defendant could not be located. One case was closed in February 1997. After a year, the Circuit Clerk's office normally disburses monies to the Unclaimed Property Division if unable to locate the appropriate individual; however, it appears some cases are overlooked.

- Seven cases reviewed, totaling $117,570, indicated the Circuit Clerk's office was waiting on further clarification from the court. However, the Circuit Clerk's office has not recently contacted the Judges or Circuit Attorney to request clarification on these liabilities. In one case, the Circuit Clerk's office was waiting for a court order to dispose the monies. The last court order was received in June 2003, indicating the monies should be held. There was no documentation to indicate the Circuit Clerk had requested further court directive. No monies had been received on this case since January 2008.

- Two cases reviewed, with refunds payable totaling $93, were not paid to the Unclaimed Property Division because the court fees had been paid by an attorney. When fees paid by attorneys are to be refunded, the Circuit Clerk's office indicated continued attempts to contact the attorney are made, instead of turning the monies over to the Unclaimed Property Division. However, the Circuit Clerk's office does not maintain documentation of attempts to contact the attorneys. Circuit Clerk's office personnel indicated the monies could be due to the defendant but were paid through the attorney; therefore, the office does not turn the monies over to the Unclaimed Property Division. Because liabilities must be individually reviewed to determine the status, we were not able to readily determine the amount of monies held because court fees were paid by an attorney.

The failure to routinely review liabilities and disburse monies as appropriate, deprives the state, city, or others the use of those monies. A procedure to routinely review liabilities and make more timely disbursements should be implemented. If disbursement is possible but proper payees cannot be located, the monies should be disposed in accordance with state law.

Recommendations

The Circuit Clerk:

2.1 Conduct a review of unidentified JIS liability accounts. Once a detailed liabilities list is established the Circuit Clerk should review the list and disburse monies as appropriate. Any monies remaining unidentified should be disposed of in accordance with state law.

2.2 Routinely review liabilities and work with the Court En Banc to disburse monies as appropriate.

Auditee's Response

The Circuit Clerk provided the following written responses:

2.1 *We agree. The child support and municipal money cited in the audit is part of the money collected during previous administration, which is further discussed below. Previous audits have well documented that the previous administrations' financial records are not reliable. Like with other such money held due to past administrations we will continue to work to determine the true ownership of the funds and return it to the true owner. When we reach a point where there is no practicable hope to return the funds to its true owner, we will transfer the balance to the state as unclaimed funds.*

Due to manpower issues we continue to first work cases where we have the highest probability of returning the funds to its true owner. As manpower permits, we will work the remaining cases and make a determination as to its true owners as soon as practicable. As noted in this audit, our work in this area has generated disbursements of $5 Million dollars to the true owners.

2.2 *We agree to review outstanding liabilities to determine the appropriate disposition of funds being held on closed cases. This process is made more difficult and time-consuming as the ad hoc reports we generate are outside JIS programming, and require manpower to generate and work the reports. In addition, we will work with the court and the Circuit Attorney's Office to resolve any issues.*

3. Old Circuit Fee Accounts

The Circuit Clerk needs to improve procedures related to five old circuit fee bank accounts and investments. The Company, General, and Garnishment accounts are comprised of civil, criminal, and garnishment monies, respectively. The designation of I and II represents monies received for cases filed before or after January 1, 1999, (when the current Circuit Clerk took office), respectively, and before the implementation of the JIS in June 2006. The Circuit Clerk also transferred some monies from the Company I account to investment accounts. These old circuit fee and investment accounts had the following reconciled balances at June 30, 2009:

Account		Reconciled Balance June 30, 2009
Company I	$	304,187
Company II		67,761
General I		389,812
General II		115,859
Garnishment		(40,035)
Investments		6,800,000
Total	$	7,637,584

3.1 Inactive accounts

The Circuit Clerk's old fee accounts have had minimal activity since June 2006. Although the Circuit Clerk's office has reduced the reconciled balances by approximately $5 million since June 2002 (Report No. 2003-023, *Twenty-Second Judicial Circuit, Circuit Clerk's Office*), the Circuit Clerk still has approximately $7.6 million in old bank accounts and investments. As noted in our prior reports, the liabilities lists for the accounts opened before January 1999 are incomplete and inaccurate. The Circuit Clerk indicated he does not want to dispose of these monies until his office has attempted to identify accurate liabilities on each case. The Circuit Clerk had one contract employee who exclusively worked to identify and reduce the liabilities of these accounts until the end of 2008; however, currently the Circuit Clerk only has one employee who spends a portion of his time working on the old accounts.

Our prior audits revealed numerous differences between the old computer system and manual case files. The differences included fees shown on liabilities lists that had been disbursed, individual liabilities listed that did not agree to financial records, negative balances on the lists, and some types of fees collected that were not included on the lists. In addition, the liabilities lists for the old accounts were not adjusted for transfers from old bank accounts to the JIS bank account.

Maintaining old inactive accounts increases the risk of theft or misuse of funds and deprives the state, city, and others the use of those monies. The Circuit Clerk should attempt to identify and distribute the funds held in old inactive bank and investment accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

3.2 Bank reconciliations

The Circuit Clerk needs to improve procedures related to bank reconciliations for old bank accounts.

Differences and adjustments

The following differences and adjustments were noted on bank account reconciliations for the old accounts at June 30, 2009:

- Differences totaling $3,782,654 were added to book balances on bank reconciliations. These differences were noted and adjusted on the January 2006 and prior bank reconciliations. Circuit Clerk personnel indicated the differences were because the bank accounts were not previously properly reconciled to book balances. After the Circuit Clerk's office began reconciling to the book balance properly, the differences remained constant each month. Circuit Clerk personnel indicated the differences could be caused by fees, bonds, and checks which were not posted to the old computer system, or for unknown reasons.

- Numerous miscellaneous reconciling items, (a net amount of $1,290,107), were shown on bank reconciliations. The oldest miscellaneous reconciling item dates back to 2002. Examples of the miscellaneous reconciling items were deposit errors, check charges, wire transfers, and interest transfers.

- When the Circuit Clerk's office transferred some monies from the old bank accounts to the JIS bank account in 2006, liabilities were not corrected on the old computer system. As a result, reconciling items for transfers from the old bank accounts to the JIS bank account, totaling $2,053,261, were shown on bank reconciliations.

Bank reconciliation differences and adjustments should be investigated and corrected on a timely basis to ensure bank activity and accounting records are in agreement.

Old outstanding checks

Follow up on outstanding checks has not been performed for the old bank accounts. At June 30, 2009, 4,227 checks totaling $232,983 had been outstanding for over one year. The oldest outstanding check dates back to 1999.

Follow up on outstanding checks is necessary to ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Recommendations

The Circuit Clerk:

3.1 Attempt to identify and distribute the funds held in old inactive accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

3.2 Ensure bank reconciliation differences and adjustments are investigated and corrected on a timely basis. The Circuit Clerk should also follow up on outstanding checks. Old outstanding checks should be voided and reissued to payees who can be readily located. If the payees cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Circuit Clerk provided the following written responses:

3.1 We agree to continue to work on the old fee accounts. As cited in this audit and previous audits, the State Auditor has concluded that the open items records of prior administrations are not reliable. As a result, we must review the open items lists and other financial records to determine the validity of each liability listed.

3.2 *We agree to investigate any bank account reconciliation adjustments and make the appropriate correction if necessary. Over $3.5 million of the audit referenced "plug number" was generated by the office to compensate for the discrepancies of past administrations' financial records.*

At the time of the 2000 audit, which began in late 1998 and was requested by this Circuit Clerk, the office held as "investments" millions of dollars collected by previous administrations as court costs and deposits. As noted in this audit, since 2002, we have distributed $5 million of those funds to the true owners. Over a million dollars of the $1.3 million referenced by the Auditor as "adjustments" were made to reflect money transferred from these "investment" accounts into JIS so as to distribute the money to the true owners.

At the time of conversion to JIS, the Office of States Court Administrator (OSCA) entered into an agreement with the software vendor who created the software we previously used for accounting prior to JIS. OSCA did not include in its agreement with the vendor the software programming necessary to reflect in the old financial records the transfer of funds from it into the office's JIS financial records. Thus, the discrepancies noted by the Auditor in the old financial records, not reflecting those transfers, are outside the control of the office, unless City funds are expended to create a software program change to create entries into the old system to reflect transfers made from it into JIS. We are reviewing whether it is cost beneficial to pay for that software development.

In addition, we are voiding the old outstanding checks on the old bank accounts, and reissuing a check to the payee, provided we have confidence in the mailing address listed. We will disburse the balance of the funds to the State Treasurer's Office as unclaimed funds. As of the May 2010, we have reduced the number of outstanding checks by 834, totaling $63,849.75.

4. Court Ordered Bank Accounts

There are several old court ordered bank accounts on which no action has been taken. The December 31, 2009, court ordered bank account list includes 16 cases totaling $1,551,786. Eight of the cases originated prior to 1999, with some cases dating as far back as 1977. The Circuit Clerk's office indicated a court order must be issued directing the office how to disburse the monies and the Presiding Judge indicated the Court En Banc is not notified of these cases. For the eight court ordered cases reviewed, the following concerns were noted:

- Four cases, totaling $86,297 at December 31, 2009, have had no activity for more than 10 years. The Circuit Clerk's office personnel indicated they have not contacted the Judge or attorney about these monies.

- One case, with a balance of $9,101 at December 31, 2009, last had activity in 2001. The Circuit Clerk's office personnel indicated they had contacted one attorney in 2009, regarding these monies; however, no documentation of these efforts could be provided.

The failure to routinely review inactive cases and disburse monies as appropriate, deprives the state, city, or others the use of those monies.

Recommendation

The Court En Banc and Circuit Clerk review court ordered bank accounts to determine the appropriate disposition of monies held. The Court En Banc should consider requesting the Circuit Clerk to periodically submit a report of all court ordered bank accounts.

Auditee's Response

The Presiding Judge provided the following written response:

It is the duty of the Circuit Clerk, as custodian, to periodically submit a report to the Court en banc of all Court ordered bank accounts, so the Court can determine the appropriate disposition of the monies held. The Court can require this by Administrative Order of the Presiding Judge, but this should not be necessary.

The Circuit Clerk provided the following written response:

We disagree. The State Auditor's position would place the Circuit Clerk and the Court in a position not consistent with their duties. In each of the cases cited by the State Auditor the parties who may be entitled to money being held in these separate accounts are represented by attorneys.

Legally it is the duty of the attorneys who represent these parties to seek an Order from the Court to recover funds their client is entitled to receive. Nevertheless, from time to time the Circuit Clerk has drawn to the attention of some attorneys as is evidenced in several files, and the Court the fact we are holding a dedicated bank account for the benefit of a particular case’s litigants, and still we maintain accounts for those cases.

It should be noted that all interest earned on these funds is segregated to each case, such that the prevailing party or parties will receive the interest earned, and that each of the eight cases cited by the State Auditor existed prior to 1999.

5. Circuit Clerk's Disbursements

The Circuit Clerk does not have a formal procurement policy. The Circuit Clerk indicated his informal policy requires bids be solicited for major purchases, but not professional services. We identified the following disbursements from the Circuit Clerk's Special Interest Fund during the years ended June 30, 2009 and 2008, made without soliciting competitive bids/proposals or documenting sole source providers:

Service/Good		2009	2008
Accounting services	$	26,595	48,920
Docket prioritization system		45,000	0

The Circuit Clerk indicated the vendor chosen for accounting services and the docket prioritization system, developed specifically for the Circuit Clerk, were sole source purchases; however, there was no documentation to support this.

Formal procurement procedures provide a framework for the economical management of resources and help ensure the Circuit Clerk receives fair value by contracting with the lowest and best bidders. Bidding also helps ensure all parties are given an equal opportunity to participate in the business of the office. Various bidding approaches are appropriate, based on dollar amount and type of purchase. No matter which approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected (including sole source procurement). While professional services may not be subject to the standard bidding procedures, the Circuit Clerk should solicit proposals for professional services to the extent practical.

Recommendation

The Circuit Clerk establish formal procurement policies and procedures, including documentation requirements regarding bids or proposals received and justification for the vendor selected.

Auditee's Response

The Circuit Clerk provided the following written response:

We agree and have reduced to writing a procurement policy for these funds.

With respect to the two instances cited: neither the payment for a unique computer software program, or accounting services were outside office policy.

The Court needed a software system for docketing to expedite the handling of an aging docket of felony cases. The system was only available from the vendor from whom the office purchased the program.

For eleven years the office has contracted for accounting services on an as needed basis. For example, in 1999, we engaged for accounting services *from a CPA firm on an hourly basis. Later, due to a loss of a state paid full time employee, we contracted for accounting services from the employee whose position was eliminated. That former employee was working "the old money," so as to return it to it true owner. When that contract accountant was no longer available to perform such services, and we were still restricted from hiring a state paid accountant, we sought another qualified contract accountant.*

The contract accountant, whose selection is noted in this audit was as qualified as the previous contract accountant and was paid less than the previous accountant. This contract accountant was later employed as a full time state employee, when we were able to hire him, and his duties include working the "old money" to return it to it true owner.

It should be noted that to date the office has transferred $2.5 million dollars of interest earnings to the City, despite a reducing balance on which to earn interest and with a steep decline in the interest rate paid.

6. Pre-Trial Release

The Pre-Trial Release (PTR) office needs to improve policies and procedures related to the collection of bonds. PTR personnel interview defendants to aid the Judge in determining the bond to be set for the defendant and process bonds during non-business hours. The PTR office collects approximately $175,000 annually in cash bonds and significantly more in surety bonds.

6.1 Bonds

Some bond amounts and types (i.e., cash, property, or surety) are not properly authorized or authorization for the bond accepted is not adequately documented. Bond amounts and types are required to be established by a Judge by court order. All bond orders are to be posted to the case docket by the Circuit Clerk's office. The Court En Banc adopted a PTR policy for some misdemeanor and all felony cases requiring a Judge set the condition of release and inform the PTR office of the decision. The policy provides for the PTR Commissioner to contact the Duty Judge for approval of a bond amount and type (if no order on file) and changes to ordered bond amounts or types, if the bond transaction occurs during non-business hours. In April 2007, the Presiding Judge granted approval for the PTR office to set the bond amount after unsuccessfully attempting to contact a Duty Judge for an hour. The following concerns were noted during a review of 11 bonds:

- Four bonds reviewed were set at a different amount and type than originally ordered by the Judge. There was no evidence available to indicate a Judge approved the change. For one case, the Judge's order indicated a $50,000 cash or property bond was required; however, a new order was signed by the PTR Commissioner (with her initials) for the Judge approving a $50,000 surety bond. The Judge indicated he did not approve the change to the bond type on this case.

- For two cases reviewed, PTR personnel indicated the case docket or file had not been reviewed to determine the correct bond amount and type approved by the Judge. In addition, some bond modifications are not posted to case dockets on a timely basis. Three bond modifications reviewed were never posted to the case docket and one bond modification was not posted until 9 days after it was approved. The Circuit Clerk indicated this bond modification was not received by his office until he called and requested it from the PTR office on the date it was stamped as received. No one could determine why bond modification orders were not received by the Circuit Clerk's office. As a result, the bond amount and type ordered by the original case Judge is not always used when the bond is accepted by the PTR office. Instead, the amount and type of bond set by the Duty Judge or the PTR office is used.

- The PTR office does not use the bond forms approved in the PTR policy adopted by the Court En Banc.

The errors noted above all related to one bond company. The Presiding Judge formed an Ad Hoc Bond Committee to review Pre-Trial Release office procedures, asked law enforcement to investigate for possible wrong doing, and requested the Missouri Department of Insurance investigate the bond company and any agents acting on its behalf.

Proper approval/authorization and adequate documentation which fully explain bond amounts and types are necessary to ensure bonds are properly recorded and forwarded to the Circuit Clerk's office, and to reduce the risk of unauthorized bond types and modifications.

6.2 Receipts

Procedures and controls for monies collected during non-business hours need improvement. Monies collected by the PTR office are transmitted to the Circuit Clerk's office during normal business hours. The PTR office issues approximately 350 receipt slips annually. The following concerns were noted during a review of receipt slips issued by the PTR office:

- There is no independent review to ensure receipts are properly transmitted to the Circuit Clerk's office. Receipt slips issued are not reconciled to amounts transmitted or the Circuit Clerk's receipt slip.

- The PTR office does not account for the numerical sequence of receipt slips issued. In addition, receipt slips are not issued in numerical sequence, which causes difficulties in accounting for all receipt slips.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of receipt slips issued should be accounted for properly and amounts transmitted should be reconciled to receipt slips issued by someone independent of the receipt process.

Recommendations

The Court En Banc and Court Administrator:

6.1 Ensure proper approval/authorization is obtained and documented for bond amounts and types, and modifications to bond amounts/types. The Court En Banc and Court Administrator should also ensure the PTR policy is properly followed. In addition, the Court En Banc should continue to assist law enforcement and the Missouri Department of Insurance with investigating the bonds.

6.2 Require an independent review to account for the numerical sequence of receipt slips issued and ensure all monies collected are transmitted to the Circuit Clerk's office.

Auditee's Response

The Presiding Judge provided the following written responses:

6.1 The Presiding Judge appointed an Ad Hoc Bond Review Committee, which met several times over the past few months and issued several interim reports. The Committee recommended that the pretrial release commission comply with the pretrial release manual adopted by the court en banc in 2005, and that each of the judges of our court be provided with a summary of applicable rules and statutes pertaining to modifying conditions of release and a form for entering orders pertaining to orders modifying such conditions. The Committee also recommended that the court purchase a smart phone for the use of the evening and weekend duty judge so that the judge could review complaints seeking arrest warrants and bond settings, so that there would be a verifiable record that a judge authorizing a warrant and setting a bond had actually done so. The Committee also recommended that the Presiding Judge enter into discussions with the City of St. Louis to the end that an agreement be reached with the City for the pretrial release commission to be transferred to the City's division of corrections. In its final report, dated June 10, 2010, the Committee recommended that the Presiding Judge issue an administrative order that the 2010 pretrial release manual accompanying their report supersede the 2005 pretrial release manual. The revised manual includes procedures for ensuring proper approval/authorization for bond amounts, types and modifications. There are several changes made in the manual, but the most significant is that pretrial release commissioners will now accept conditions of release in all cases. At present, pretrial release commissioners accept conditions of release in some cases and judges accept the conditions of release in other cases. The Committee believes that there are advantages in having this *function performed by the same persons in all cases, so that the procedures will be consistent and the work will be performed better when the same persons do this work all the time. The manual contemplates that confined persons be released whenever they are prepared to meet the conditions of release set by Judges, whatever the day or time, and urge the Presiding Judge to meet with the sheriff and the division of corrections to ensure this. The Committee hopes that their work will prove to be of benefit to the court and the public.*

The Presiding Judge is engaged in discussions with the City's Department of Public Safety and Division of Corrections, concerning the transfer of all or part of the court's pretrial release functions in an effort to streamline the pretrial release process and eliminate duplication of services.

Pretrial Release employees were again directed to follow the 2005 pretrial release manual, until further notice. The Missouri Department of Insurance completed its investigation.

6.2 A reconciliation of approximately 700 receipts for the 2-year audit period (FY08 and FY09), showed that all monies collected during non-business hours were transmitted to the Circuit Clerk's office.

The lead Assistant Pretrial Release Commissioner (APRC) on duty, on the next business day, will verify that the entries on the previous night's Shift Status Report Sheet, and the receipts attached to the sealed deposit envelope(s) collected, reconcile before delivering the deposits to the Circuit Clerk Cashier.

The Pretrial Release Manual has been under review both prior to and during this audit period. A written draft procedure, to account for the Bond Cash Receipts and Deposit slips that are collected and deposited by decentralized offices, was provided to the Court's Ad Hoc Bond Review Committee. The Court will consider all recommendations and observations made by the State Auditor in the final publication of the Manual.

Prenumbered, three-part, NCR/pressure format cash receipt books are used, in date order and in numerical sequence. APRCs were again directed to use one receipt book at a time and use receipts in date order and numerical sequence. These receipts will be stored in individually numbered and sealed envelopes for future transactions. The number identifies the receipt number sequence to be used next. Completed cash receipt books will be stored in a secure area located on the 1st floor of the Carnahan Courthouse (CCH) by the lead APRC on duty in the Pretrial Release Office and a log/index of *all utilized cash receipt books in storage will be recorded for retention purposes.*

The Cash Receipt number will be documented on the cash deposit envelope that is sealed by the APRC accepting the cash bond, and on the Bank Deposit Log Sheet. A Bank Deposit Log Sheet is completed by the APRC for each cash collection to be deposited and is attached to the prenumbered Cash Receipt along with the sealed envelope of cash. These three documents identify the prenumbered Cash Receipt numbers and the cash amounts collected by the APRC. The Bank Deposit Log Sheet amount, the dollar amount written on the sealed deposit envelope of cash collected, and the Pre-numbered Cash Receipt (yellow), copy amount should all reconcile. In addition, the APRC on duty in the City Justice Center (CJC) will attach a copy of the Bank Deposit Log Sheet to their daily Shift Status Report Sheet.

The Circuit Clerk's Cashier will open the deposit envelope and count the cash in the presence of the APRC. The Cashier will sign the Bank Deposit Log Sheet and generate an automated Cash Payment Receipt for each separate bond deposit. The APRC will verify that all information is correctly recorded on the automated receipt from the Circuit Clerk's Cashier before accepting the automated receipt and leaving the Cashier's window. Discrepancies involving cash will be counted again by the Cashier and APRC, and if there is still a discrepancy, this will be brought to the immediate attention of the Court Administrator.

The three documents, the Bank Deposit Log Sheet with the Cashier's signature, the prenumbered Cash Receipt (yellow) copy, and the automated Cash Payment Receipt (white) are stapled together for each bond, and are kept in date order by the date of Pretrial Release's Cash Receipt. These stapled documents are then kept in date order by calendar year, and retained for 5 years in a secure area within the CCH Pretrial Release Office.

If the state-wide court software system, the Justice Information System (JIS) permits, the Circuit Clerk's Cashier should enter the prenumbered Pretrial Release (PTR) Cash Receipt number in JIS so that the PTR Receipt number prints out on the automated Cashier's receipt. Since bond money paid by the surety is listed in the defendant's name, not the name of the payee, having this receipt number in the Clerk's system would add to the audit trail. The automated receipt is attached to the bond kept in the PTR office.

The Circuit Clerk provided the following written response:

We agree. In August 2009 we tried to initiate a list of PTR documents given to the Clerk's office and received by the Clerk's office, verified by the sender and receiver. We were unable to obtain such a verified list. In response, we developed and maintain to date a Clerk's office verified list of PTR documents that we receive from PTR.

After the Court created an ad hoc committee to look into PTR issues, we compared files in which a bond modification was sought by the defendant's attorney, and heard in a courtroom. In those cases a multitude of bond companies eventually wrote the bond for the modified amount and type. There is no question as to the timeliness and accuracy of recording those modifications.

7. Probate Division

Improvement is needed in Probate Division policies and procedures related to manual receipt slips issued and unidentified monies held. The Probate Division collects approximately $280,000 annually for filing and case fees, copies, and judgments.

7.1 Manual receipt slips

There is no independent review to ensure manual receipt slips are properly entered into the JIS and subsequently deposited. In addition, original copies of some voided manual receipt slips were not maintained. Receipts are normally posted to the JIS as received; however, manual receipt slips are issued when the cashier or computer system is not available. The Probate Division issues approximately 300 manual receipt slips annually.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, manual receipt slips issued should be recorded in the JIS and reviewed by someone independent of the receipt process. In addition, voided manual receipt slips should be properly mutilated and retained.

7.2 Unidentified monies

While bank reconciliations are prepared and reconciled to lists of liabilities, the JIS account has an unidentified balance of $8,124. The Probate Clerk stated she is aware of the unidentified funds and has attempted to identify these monies for over 2 years.

The failure to routinely disburse monies as appropriate, deprives the state, city, or others the use of those monies. The Probate Clerk should continue to attempt to determine the proper disposition of unidentified monies. If these monies cannot be identified, the Probate Division should dispose of the unidentified monies as provided by various statutory provisions.

Recommendations

The Probate Division:

7.1 Require an independent review of manual receipt slips to ensure they are recorded in the JIS and maintain original copies of all voided receipt slips.

7.2 Investigate and resolve the unidentified balance in the JIS account. Further, the Probate Division should dispose of all unidentified monies as provided by state law.

Auditee's Response

The Probate Commissioner/Clerk provided the following written responses:

7.1 New Procedure: Only in an emergency will a cashier issue a manual receipt. All Cashier issued receipts must be approved by a Supervisor and entered into JIS. All original copies of voided manual receipts must be maintained.

7.2 The Probate Division spent over two years in an attempt to determine the proper disposition of the unidentified funds. The Probate Clerk was able to identify the proper disposition of all unidentified funds with the exception of $8,124 identified in the audit. On April 6, 2010, the remaining $8,124.00, was transferred to the State of Missouri-Treasurer – Unclaimed Property Division.

8. Juvenile Division

Controls over receipts initially collected in field offices need improvement. The Juvenile Division collects approximately $13,700 annually for restitution; however, not all of these monies are collected by the field offices.

- The Juvenile Division is unable to ensure all money orders received by the field offices are transmitted to the Restitution Office. Unnumbered payment forms, which do not have duplicate copies, are issued when money orders are received by field offices, and a receipt log is not maintained. The original payment forms are transmitted, along with money orders received, to the Juvenile Division Restitution Office. A copy of the payment form is filed in the case file and the payment is documented in the case notes.

- Money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, official prenumbered duplicate receipt slips/payment forms should be prepared when monies are initially received or a receipt log should be maintained. Procedures should also be established requiring someone independent of the receipt process to ensure receipts are transmitted to the

Restitution Office. In addition, money orders should be restrictively endorsed immediately upon receipt.

Recommendation

The Juvenile Division require official prenumbered duplicate receipt slips be prepared or a receipt log be maintained and reconcile receipt records to amounts transmitted to the Restitution Office. The Juvenile Division should also endorse money orders immediately upon receipt.

Auditee's Response

The Presiding Judge provided the following written response:

Of the $13,700 received annually in the Restitution account deposited with the City, approximately $3,500 of that is money paid by juveniles and collected in the field unit offices. The remaining funds are paid to the court from a private non-profit corporation PayBack, Inc., and then further distributed by the court to victims. Checks from PayBack, Inc. go directly to the Restitution office and not to the two field offices.

The recommendations above were articulated during an April 28, 2010, meeting held with the state auditor regarding restitution. Prenumbered receipt books were immediately purchased and placed in the field units effective March 29, 2010, when the auditors first alerted us to the issue of prenumbered receipts. Thus, the prenumbered receipt issue has been addressed and has been in place for over two months.

The Restitution procedures were updated following our April 28, 2010, meeting with the auditor and sent to the auditor on May 3, 2010. Those restitution procedures implement all of the auditor’s recommendations.

The immediate restrictive endorsement was implemented immediately following our April, 2010, meeting with the auditor. Monies are listed in the restitution spreadsheet within one working day of payment receipt. A copy of the prenumbered receipt stays in the receipt book constituting an immediate log of monies received and receipts are witnessed by an independent person other than the Deputy Juvenile Officer (DJO) accepting the money order, secured in a locked container, and hand-delivered the next business day to the restitution office by the staff member assigned to deliver interoffice mail. The Business Office reconciles the spreadsheet with the City's general ledger on a monthly basis.

Circuit Clerk's Overall Response

The Circuit Clerk provided the following overall written response:

For the past eleven years the State Auditor's office has played a major role in helping this office improve its financial record keeping. Over the years we instituted a computerized financial record of criminal cases, and made many other improvements to our procedures using most of the findings of the initial audit as a "blue print" to construct our finance department. Through this partnership we have made great progress from the initial audit *which contained 51 recommendations, numbering over 100 pages, to this audit's 8 recommendations, of which 5 are ongoing long term issues from the initial audit where we have made substantial progress.*

Twenty-Second Judicial Circuit
City of St. Louis
Organization and Statistical Information

The Twenty-Second Judicial Circuit includes only the City of St. Louis. The circuit consists of 24 circuit judges, one of whom serves as presiding judge, 7 associate judges, and 5 commissioners. In addition to the judges and commissioners, the Twenty-Second Judicial Circuit includes the Circuit Clerk, Court Administrator, Jury Supervisor, Juvenile Division, and Probate Division.

Personnel

At June 30, 2009, the judges of the Twenty-Second Judicial Circuit, City of St. Louis, were as follows:

Title	Name
Circuit Judge, Division 1	David L. Dowd, Presiding Judge
Circuit Judge, Division 2	Michael K. Mullen
Circuit Judge, Division 3	John Garvey
Circuit Judge, Division 4	Julian L. Bush
Circuit Judge, Division 5	Mark H. Neill
Circuit Judge, Division 6	Michael P. David
Circuit Judge, Division 7	John J. Riley
Circuit Judge, Division 8	Angela T. Quigless
Circuit Judge, Division 9	Margaret M. Neill
Circuit Judge, Division 10	Philip D. Heagney
Circuit Judge, Division 11	Bryan L. Hettenbach
Circuit Judge, Division 12	Dennis M. Schaumann
Circuit Judge, Division 13	Steven R. Ohmer
Associate Judge, Division 14	Thomas C. Clark, II
Circuit Judge, Division 15	Robin Ransom Vannoy
Circuit Judge, Division 16	Joan L. Moriarty
Circuit Judge, Division 17	David C. Mason
Circuit Judge, Division 18	Robert H. Dierker, Jr.
Circuit Judge, Division 19	Lisa Van Amburg
Circuit Judge, Division 20	Donald L. McCullin
Circuit Judge, Division 21	Thomas C. Grady
Circuit Judge, Division 22	Thomas J. Frawley
Circuit Judge, Division 23	Timothy J. Wilson
Associate Judge, Division 24	Elizabeth B. Hogan
Associate Judge, Division 25	Paula P. Bryant
Associate Judge, Division 26	Calea Stovall-Reid
Associate Judge, Division 27	Theresa Counts Burke
Associate Judge, Division 28	Barbara Peebles
Associate Judge, Division 29	Michael F. Stelzer
Circuit Judge, Division 30	Jimmie Edwards
Circuit Judge, Division 31	Edward Sweeney

At the beginning of each calendar year, the judges may switch divisions.

At June 30, 2009, the commissioners, Circuit Clerk, Court Administrator, and certain other personnel of the Twenty-Second Judicial Circuit, City of St. Louis, were as follows:

Title	Name
Commissioner, Probate Division	Patrick J. Connaghan
Commissioner, Drug Court	James Sullivan
Commissioner, Family Court	Anne-Marie Clarke
Commissioner, Drug Court	Michael Noble
Commissioner, Family Court	Tim Finnigan
Circuit Clerk	Mariano V. Favazza
Court Administrator	Helen D. Haskins
Pre-Trial Release Commissioner	Mary Catherine Moran (1)
Jury Supervisor	Michael Devereaux
Juvenile Officer and Assistant Court Administrator	Kathryn S. Herman
Probate Office Manager	Sandra Lombardo

(1) Mary Catherine Moran retired in April 2010. The court does not currently plan to replace this position. As of June 8, 2010, the court is still in discussions with the city regarding the possible reorganization of the Pre-Trial Release office. The Court En Banc is considering transferring some or all of the Pre-Trial Release office responsibilities to the Department of Public Safety, Corrections Division, in order to streamline the process.

Financial Information

Receipts of the Twenty-Second Judicial Circuit, City of St. Louis, were as follows:

Court Office	Year Ended June 30, 2009
Circuit Clerk	$ 23,305,586
Probate Division	281,192
Juvenile Restitution	13,676
Total	$ 23,600,354

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of this judicial circuit were as follows:

	Year Ended June 30,	
	2009	2008
Civil	35,277	33,668
Criminal	10,871	13,264
Juvenile	1,154	1,409
Probate	1,069	946
Total	48,371	49,287