



Nicole R. Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Sixteenth Judicial Circuit, Jackson County

Legal Action

After a court employee provided copies of questionable purchasing card documents to the chair of the Budget and Audit Committee in May 2012, the court investigated the transactions and subsequently contacted federal authorities. The former Court Administrator used a court purchasing card to buy \$77,778 worth of personal items, and entered into a contract for work flow analysis services with a company that was registered to the friend of a personal acquaintance. The county paid \$64,500 for this work, which was never completed. In November 2013, the former Court Administrator pled guilty to mail fraud in United States District Court, and in July 2014 was sentenced to 2 years in federal prison and ordered to pay \$139,536 in restitution. The former court administrator had already reimbursed the court \$2,742 prior to sentencing.

Since his appointment in July 2012, the current Court Administrator has established additional internal controls in each department; including requiring each department to develop an annually updated internal control plan, as well as establishing controls over purchasing cards and payment for goods and services. Further, in August 2014, the court sent a letter to the contractor engaged by the former Court Administrator requesting performance of the contracted services or a refund of the \$64,500. As of February 2015, no services have been provided and a refund has not been received.

Accounting Controls and Procedures

Prior to 2012, the court did not reconcile monthly liabilities to the available cash balance, and as of June 30, 2014, the total reconciled cash balance exceeded total liabilities by \$836,415. The court has been working to resolve the difference since 2013, and between December 2013 and June 2014, reduced the difference by \$106,414. As of June 30, 2014, the court was holding bonds totaling \$1,685,616 in cases that had been disposed. In 3 of the 11 cases auditors reviewed, the judge declared the bond forfeited, but motions for judgement of forfeiture have not been made, and the bonds have not been forfeited. Further, the court did not ensure payment plans were established for amounts not paid in full at case disposition, and the Fiscal and Budget and Fiscal Operations offices have not developed adequate procedures to follow up on outstanding checks.

Compliance

The court violated state law, and its investment policy, by investing in U.S. government agency mortgage-backed securities that had maturity dates greater than 5 years. As of June 30, 2014, the court held 13 of these securities totaling \$6,092,000.

Case Management

Court personnel have not established adequate procedures to manage open cases. Of 45 cases auditors reviewed, four had court dates that had been canceled over a year ago and were not rescheduled until auditors brought the cases to the court's attention. Further, auditors identified six other cases that had not had any activity for over a year, two Drug Court cases in which

warrants were not issued after the defendants failed to appear, and two closed cases that were not properly recorded as dismissed in the Judicial Information System (JIS).

Family Court Controls and Procedures

The Family Court does not have adequate procedures to follow up on outstanding checks. As of June 30, 2014, 90 JIS account checks totaling \$7,751, and Supervision account checks totaling \$39,006, had been outstanding for over a year. In addition, the Family Court does not properly monitor the Supervision account liabilities to ensure monies are timely disbursed, and does not have adequate receipting and depositing procedures in place.

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

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

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

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