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Nineteenth Judicial Circuit

Cole County
Civil and Criminal Divisions

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CITIZENS SUMMARY

Findings in the audit of the Nineteenth Judicial Circuit, Cole County Civil and Criminal Divisions

Missing Funds

At least \$14,669 was received by the Circuit Court Criminal Division but not deposited. The State Auditor's office audited the circuit court criminal and civil division operations after a request made by the Presiding Judge. In December 2011, a court clerk and court clerk supervisor were both charged with one count each of felony stealing.

Monies recorded on 28 different manual receipts slips were not deposited, including monies from cash bonds and parking ticket payments. The missing cash receipts were not promptly detected due to a lack of segregation of duties, inadequate controls, and a lack of proper oversight by the Circuit Clerk.

Accounting Controls and Procedures

The audit revealed significant weaknesses in accounting controls and procedures, making it difficult to ensure all court receipts are accounted for properly. Prior to July 2011, manual receipt slips were routinely used, but they were not timely recorded in the Justice Information System or timely deposited, and reconciliations to the Justice Information Systems were not reviewed. Accounting duties are not adequately segregated, and the Circuit Clerk's reviews are inadequate. Because of inadequate supervision, not all transactions were reviewed, questionable transactions were not identified timely, and funds are missing. In one instance, a receipt was issued for \$300 cash but was recorded in the Justice Information System 16 days later as a non-monetary transaction. The cash was never deposited, but the Circuit Clerk signed off on the cashier session without question.

The composition of receipts (cash, checks, and money orders) is recorded in the Justice Information System but is not reconciled to the composition of deposits. This failure may have contributed to the missing funds, as at least one check was substituted for cash. Non-monetary transactions, such as uncollectible write-offs, voids, and adjustments are not properly documented or reviewed by division supervisors and the Circuit Clerk. The Circuit Clerk does not review the list of accrued costs owed to the court for accuracy. Monthly lists of liabilities are not adequately reviewed to ensure bonds are disbursed in a timely manner. The Circuit Clerk lacks adequate procedures for following-up on outstanding checks.

Corrective Action

The Circuit Clerk failed to implement recommendations made by the Court Administrator, the Office of State Courts Administrator and the Presiding Judge. Many of the weaknesses identified likely contributed to the misappropriation of funds. As far back as 2007, the Presiding Judge

expressed concern with untimely recording of receipts and failure to deposit daily, and in March 2010, the Court Administrator cautioned against using manual receipts. The Court Administrator also pointed out discrepancies which the Circuit Clerk did not adequately investigate and resolve, and in 2008, the Office of State Courts Administrator recommended additional procedures for receipting parking tickets.

Law Library Fund Controls and Procedures

The Circuit Clerk performs all of the accounting duties for the Law Library bank account, including recording receipts, depositing monies, writing and signing checks, and performing bank reconciliations, with no oversight or independent review. The Circuit Clerk gives the Court Administrator signed blank checks to make purchases from the fund. Duties should be segregated and/or independent reviews conducted, and the Circuit Clerk should refrain from signing blank checks.

Parking Ticket Procedures

There is no assurance that all Missouri Capitol Police parking tickets are recorded in the Justice Information System and deposited, and parking ticket receipts are not reconciled to the Capital Police parking ticket database. Until August 2011, parking ticket receipts were acknowledged only with manual receipt slips, and receipts issued for a period of several days might be combined into one deposit with no identifying information about the payors or the ticket numbers entered in the Justice Information System. Although some improvements have been made, the Circuit Clerk still does not reconcile the parking ticket database to Justice Information System parking ticket receipts.

Inactive Bank Accounts

The Circuit Clerk has two inactive bank accounts, established 20 years ago, each holding over \$100,000 related to two different cases. Maintaining inactive accounts increases the risk of misuse of funds. The Circuit Clerk should work with the court to try to identify and distribute the funds to the appropriate parties, properly dispose of any unclaimed or unidentified funds, and close the accounts.

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

American Recovery and Reinvestment Act (Federal Stimulus)

The Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions, did not receive any federal stimulus monies during the audited time period.

*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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Cole County - Circuit Clerk

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Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Nineteenth Judicial Circuit
Cole County, Missouri

The State Auditor was requested by the Honorable Judge Patricia Joyce, Presiding Judge, under Chapter 29, RSMo, to audit the Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions. The Cole County Commission engaged Williams Keepers LLC, Certified Public Accountants (CPAs), to audit the county's financial statements, including the judicial circuit divisions, for the years ended December 31, 2010 and 2009. To minimize duplication of effort, we reviewed the audit reports of the CPA firm. The scope of our audit included, but was not necessarily limited to, the period from January 1, 2009 through June 30, 2011. The objectives of our audit were to:

1. Evaluate the civil and criminal divisions' internal controls over significant financial functions.
2. Evaluate the civil and criminal divisions' compliance with certain legal provisions.
3. Determine the extent of missing monies from the civil and criminal divisions.

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. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management and was not subjected to the procedures applied in our audit of the judicial circuit.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) missing monies totaling at least \$14,669. The accompanying Management Advisory Report presents our findings arising from our audit of the Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions.



Thomas A. Schweich
State Auditor

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Management Advisory Report - State Auditor's Findings

1. Missing Funds

Between April 1, 2010, and June 30, 2011, Circuit Court Criminal Division receipts totaling at least \$14,669 were received but not deposited.

In June 2011, court officials identified discrepancies in the criminal division's collection of some monies. After further review of court records, the Circuit Clerk and Presiding Judge contacted the Office of State Courts Administrator (OSCA) and the Missouri State Highway Patrol (MSHP) to investigate possible missing monies. In July 2011, the Presiding Judge and Circuit Clerk also contacted the State Auditor's office, and the Presiding Judge requested an audit of circuit court criminal and civil division operations.

Court personnel, the OSCA, and the MSHP reviewed transactions related to various cases and determined \$13,845 was received but not deposited. The State Auditor's office later determined an additional \$824 was received but not deposited. The court clerk and court clerk supervisor primarily responsible for the cases in which problems were identified were terminated on July 1 and July 5, 2011, respectively. The court clerk was reinstated effective September 16, 2011. In December 2011, both individuals were charged with one count each of felony stealing.

Undeposited receipts

Monies recorded on 28 manual receipt slips written by various personnel in the criminal division for fines, court costs, and bonds were not deposited.

- Manual receipt slips, issued for nine cash receipts totaling \$2,022, were not deposited and were entered in the Justice Information System (JIS), the Missouri courts automated case management system, as non-monetary judicial order transactions. These entries reduced the amount due from defendants in the JIS, but were not reflected in the cash receipt amounts on the daily JIS reports. These receipts were entered in the JIS from 1 to 28 days after the cash was received.
- Twelve cash bonds, totaling \$12,400, were recorded on manual receipt slips but were not recorded in the JIS or deposited. After court personnel questioned one of the missing bonds, the criminal division supervisor voided a \$25,000 bond receipt in the JIS, entered the 12 missing bonds, and re-entered the voided bond as only \$12,600.
- A \$122 check received in October 2010 was recorded on manual receipt slips but not in the JIS. The check was later deposited in December 2010, and cash for the same amount was withheld from the deposit. The related case was credited in December 2010 with a judicial order non-monetary transaction of \$122 so the case would not continue to show an outstanding balance.



- During the initial investigation, on June 30, 2011, the Court Administrator and a Missouri State Highway Patrol investigator discovered cash on hand was \$50 less than amounts recorded on the manual receipt slips issued on June 29, 2011. The amount recorded in the JIS on July 1, agreed to the amount recorded on manual receipts; however, the deposit was short the \$50.
- A comparison of manual parking ticket receipt slips to amounts recorded in the JIS and deposited identified five parking ticket receipts totaling \$75 that were not deposited.

The lack of segregation of duties, inadequate controls, and the absence of proper oversight by the Circuit Clerk, as discussed in the remainder of this report, resulted in missing cash receipts being undetected on a timely basis.

Recommendation

The Court En Banc and the Circuit Clerk continue to work with law enforcement officials regarding criminal prosecution related to the missing cash receipts, including restitution of the missing funds.

Auditee's Response

The Court En Banc provided the following written response:

The Court En Banc will continue to work with law enforcement officials regarding criminal prosecution relating to the missing cash receipts including restitution of missing funds.

The Circuit Clerk provided the following written response:

Upon discovery of the missing funds, the Circuit Clerk notified the Presiding Judge and together they contacted the Office of State Courts Administrator and the Missouri State Highway Patrol. A criminal investigation occurred which resulted in the dismissal of court clerks and the filing of criminal charges against those clerks. The Circuit Clerk is continuing to work with law enforcement officials regarding criminal prosecution related to the missing cash receipts, including restitution of the missing funds.

2. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures of the civil and criminal divisions of the circuit court. As a result, some court receipts were not accounted for properly.

According to circuit court records, receipts collected during the years December 31, 2010 and 2009, were approximately \$2,831,800 and \$3,616,000, respectively. Fines and court costs are collected, recorded in the JIS, and deposited into the Circuit Clerk's general bank account by personnel of the Circuit Clerk's office. Cash bonds are collected and receipted by the Cole County Sheriff's office, then transmitted in cash to the



Circuit Clerk's office for deposit. Prior to July 2011, manual receipts were used to record some cash receipts that were not immediately recorded in the JIS.

2.1 Segregation of duties and supervisory review

The duties of receiving and recording receipts, preparing deposits, and disbursing funds are not adequately segregated and supervisory reviews are insufficient to detect errors. There are several clerks in the criminal and civil divisions with responsibilities for collecting monies. The two division supervisors record transactions, trace manual receipts to JIS entries, approve voids, review daily JIS cashier session reports of the other clerks, and prepare deposits, in addition to collecting monies.

The Circuit Clerk indicated she reviews deposits prepared by the division supervisors; however, these reviews were inadequate and did not detect several questionable transactions. The Circuit Clerk's review consisted of comparing the total amount to be deposited, as calculated by the division supervisor, to the amount on the deposit receipt after the deposit was made. The Circuit Clerk does not review each daily cashier session, account for the numerical sequence of the cashier sessions to ensure all monies recorded in the JIS are deposited, or review manual receipt and JIS records to ensure all manual receipts are recorded and deposited.

We noted instances in which the cashier sessions for certain transactions could not be located in the supporting documentation indicating they were never reviewed by the Circuit Clerk. In addition, the Circuit Clerk does not verify the composition of the deposit to ensure it reconciles to JIS records. Because of inadequate supervision, not all transactions were reviewed, questionable transactions were not identified on a timely basis, and funds are missing. For example, a manual receipt for \$300 cash was issued by the criminal division supervisor on February 8, 2011. The supervisor recorded the receipt into the JIS 16 days later as a non-monetary judicial order transaction and the cash was never deposited. The Circuit Clerk signed off on the cashier session without questioning the non-monetary transaction.

Thorough supervisory reviews help ensure all transactions are accounted for properly and assets are adequately safeguarded. Such reviews would reduce the possibility of errors, theft, loss, or misuse of funds going undetected. Internal controls would be improved by segregating duties to the extent possible, and the Circuit Clerk performing a thorough supervisory review including accounting for all cashier sessions.

2.2 Manual receipt slips

Manual receipt slips issued by the criminal division were not recorded timely in the JIS or deposited timely, and reconciliations to the JIS were not reviewed. Prior to July 2011, manual receipt slips were routinely issued by the criminal division for cash bonds, parking ticket receipts, and other transactions. In July 2011, the Circuit Clerk implemented new procedures,



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and manual receipt slips are now only used when the JIS is unavailable. The following concerns were noted during a review of manual receipt slips:

- Manual receipt slips were not recorded in the JIS on a timely basis and subsequently not deposited timely. Receipts were only included in daily deposits if they were recorded in the JIS as monetary transactions. Of the 2,635 manual receipt slips issued between January 2009 and June 2011, 751 (29 percent) were not recorded in the JIS for 2 or more days. One manual receipt slip issued on January 12, 2010, was not recorded in the JIS and deposited until March 3, 2010.
- There is no independent review to ensure manual receipt slips are properly entered in the JIS and subsequently deposited. Circuit Clerk procedures required manual receipts be entered in the JIS timely, and reviewed by a supervisor from another division to ensure they were recorded in the JIS. These procedures were not always followed, and as noted above, the Circuit Clerk's review did not ensure this process took place. We noted several instances in which the criminal division supervisor collected monies; issued a manual receipt; and signed off on her own manual receipt indicating it had been reviewed, entered into the JIS, and deposited. There was no additional review of these transactions to ensure they were properly recorded in the JIS and some of these receipts were not deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to account for manual receipt slips and verify receipts have been recorded in the JIS on a timely basis and deposited.

2.3 Composition

The composition (cash, checks, and money orders) of receipts recorded in the JIS is not reconciled to the composition of deposits. When monies are recorded in the JIS, the composition is indicated. The division supervisor calculates the actual cash, checks, and money orders to be deposited and documents this on a calculator tape attached to the deposit support. The composition of the total calculated is not reconciled to the composition recorded in the JIS. Failure to reconcile the composition of deposits may have contributed to the check substitution noted in MAR finding number 1. We also noted, for 27 of the 441 (6 percent) deposits reviewed, the composition of receipts in the JIS differed from the composition of the deposit. We reviewed supporting documentation for the deposits and determined the errors were due to incorrect coding in the JIS.

To ensure all monies received are accounted for properly, recorded, and deposited, the composition of monies received and recorded into the JIS should be reconciled to the composition of deposits. Any discrepancies in composition or other details should be investigated and resolved.



2.4 Non-monetary transactions

Non-monetary transactions, voids, and adjustments in the JIS are not properly documented or reviewed by division supervisors and the Circuit Clerk. Non-monetary transactions, including judicial order transactions and uncollectible bad debt write-offs, are transactions where no monies are received; however, a credit is applied or the amount due is changed. All clerks are allowed to enter non-monetary transactions and voids in the JIS. Circuit Clerk procedures provide that non-monetary transactions, voids, and adjustments should be supported by documentation, and reviewed and approved by a supervisor and the Circuit Clerk. Most of the non-monetary transactions should have been supported by an order from the court reducing the defendant's debt owed. The Circuit Clerk's office did not maintain documentation for several non-monetary transactions, voids, and adjustments that occurred during our audit period. The missing documentation was not identified or requested during the review process. Some of these transactions were used to conceal missing monies (see MAR finding number 1).

To reduce the risk of loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. Non-monetary transactions, voids, and adjustments should be supported by adequate documentation and reviewed and approved by a supervisor to ensure such transactions are appropriate.

2.5 Accrued costs

The Circuit Clerk does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, and fines) for accuracy. We noted several cases in which costs were included on the JIS list of accrued costs erroneously. For example, the JIS list included an outstanding restitution balance of \$30,373 for one defendant; however, the case was closed and there should be no restitution associated with the case. Some case balances are inaccurate due to the transfer of cases from the old computer system to the JIS system in the late 1990s. Court personnel indicated some cases showed a balance due after the transfer even though the costs were paid in full. Court personnel did not realize the error until they began using debt collection services through the Missouri Department of Revenue (DOR). Court personnel indicated they correct the error when a debt collection notice is received in error, but they have not taken steps to identify these cases before the information is sent to the DOR for debt collection.

A complete and accurate list of accrued costs would allow the Circuit Clerk to easily review amounts due the court and take appropriate steps to ensure amounts owed are collected.

2.6 Bond liabilities

Monthly lists of liabilities are not adequately reviewed to ensure bonds are disbursed in a timely manner. Court personnel indicated a monthly liabilities report is run from the JIS to perform end of month procedures and the report



is supposed to be reviewed for any bonds that should be disbursed. Court personnel indicated they could not determine the last time the monthly list of liabilities for the criminal division was reviewed prior to a review in September 2011. In one case reviewed, bond monies were received in December 2005, but no charges were filed. Bond monies were not refunded until October 2011, after the bond liabilities report was reviewed in September.

To properly monitor bonds and ensure monies are appropriately disbursed as provided by state law, procedures should be followed to routinely investigate bonds remaining on the liabilities list over a specified period of time.

2.7 Outstanding checks

The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks. As of June 30, 2011, JIS records indicate 128 checks, totaling \$16,537, had been outstanding for over a year. Fifty-two of these checks have been outstanding for more than 2 years. The Circuit Clerk stated, in the past, they would review the outstanding check list and try to determine a different address for the payee; however, they have not kept up with this process.

To properly monitor disbursements and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

Recommendations

The Circuit Clerk:

- 2.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 2.2 Ensure manual receipts are recorded in the JIS and deposited timely, and are reviewed and reconciled to the JIS and deposits by someone independent of the receipting process.
- 2.3 Reconcile the composition of recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.
- 2.4 Follow procedures requiring non-monetary transactions, voids, and adjustments to be documented and reviewed and approved by a supervisor.
- 2.5 Maintain a complete and accurate list of accrued costs.
- 2.6 Establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed cases.



- 2.7 Develop procedures to routinely follow-up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

Auditee's Response

The Circuit Clerk provided the following written responses:

- 2.1 *The Circuit Clerk is in the process of implementing a greater segregation of duties in terms of receipting money and documenting the transactions. The Circuit Clerk is running weekly reports and checking for suspicious activity and voided receipts. The Circuit Clerk is supervising cash receipts. All transactions are recorded daily.*
- 2.2 *This is being done. The Circuit Clerk has also largely eliminated the use of manual receipts. All transactions are being entered into JIS and receipts are being issued through that system. The only time manual receipts are used is if the computers are down and when the end-of-the-month reports are produced. The Circuit Clerk is reviewing all manual receipts and manual receipts are being entered daily. The Circuit Clerk is reviewing the receipts and prepared deposits and reconciling those in the JIS system. There are now only two manual receipts books which are maintained by the Circuit Clerk.*
- 2.3 *This is being done. The Circuit Clerk is reconciling receipts and deposit slips and reconciling those documents to the JIS system. Documentation is being retained.*
- 2.4 *This is being done. Non-monetary transactions and bad debt receipts now require an order signed by a judge before any debt is written off. Court clerks must have supervisor approval to void a transaction. The voided transaction is approved and signed by the Division Clerk. The Circuit Clerk is maintaining documentation of voided transactions and continues to reconcile the transactions in JIS.*
- 2.5 *The Circuit Clerk is in the process of addressing the recommendation regarding accrued costs. There is currently a debt collection offset program in place which allows the court to obtain money against accrued costs.*
- 2.6 *The Circuit Clerk is in the process of addressing the recommendation to establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed cases to ensure bond forfeitures, bond refunds and court costs are disbursed on a timely basis.*



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2.7 *This is being done. The Circuit Clerk is reviewing reports to make sure monies are being disbursed to payees. The Circuit Clerk has also implemented procedures to follow-up on outstanding checks.*

The Court En Banc provided the following written response:

After the initial exit interview in December with the audit staff, the Presiding Judge scheduled monthly accounting review meetings with the Circuit Clerk to ensure that the recommendations were being implemented. In the two meetings the Circuit Clerk was requested to provide that documentation. The Circuit Clerk has provided proof that recommendations of 2.1 were being implemented. The Circuit Clerk has not provided any proof that the recommendation in 2.2, 2.3, 2.4, 2.5, and 2.7 were being followed. With reference to 2.6, the Court Administrator is providing reviews of the bond forfeitures. Otherwise, the recommendations of 2.6 are not being implemented.

3. Corrective Action

The Circuit Clerk failed to implement recommendations made by the Court Administrator, OSCA, and Presiding Judge. The Circuit Clerk's office has been reviewed numerous times since at least 2007. Those conducting reviews identified weaknesses in and recommended changes to civil and criminal division accounting controls and procedures. The Circuit Clerk rarely responded to those conducting the reviews and took little corrective action to implement the recommendations. Many of the weaknesses identified are similar to those noted in our report and likely contributed to the misappropriation of funds. Notable recommendations made to the Circuit Clerk included:

- In October 2007, and again in October 2008, the Presiding Judge issued letters to the Circuit Clerk expressing concerns with untimely recording of receipts and failure to deposit daily.
- In October 2008, the OSCA issued a report to the Circuit Clerk as a result of an Accounting Procedures Review and recommended various changes to court functions including additional procedures for receipting Missouri State Capital Police parking tickets in the JIS.
- In a February 2009 email and a March 2011 audit report, the Court Administrator recommended the Circuit Clerk review liabilities because it appeared monies were held that needed to be disbursed.
- In a March 2010 audit report, the Court Administrator recommended the Circuit Clerk refrain from using manual receipts. Manual receipts continued to be used by the clerks until July 2011, when missing funds were identified.



- In a March 2011 audit report, the Court Administrator recommended discrepancies in the liabilities report and general ledger totals should be reviewed before month end reporting. The Court Administrator also noted numerous cashier sessions with uncollectible/bad debt receipts without documentation as to why the costs were written off.

To ensure the Circuit Clerk's office is operating efficiently and reduce the risk of loss or misuse of funds, recommendations should be reviewed and corrective action taken.

Recommendation

The Circuit Clerk establish procedures to implement recommendations timely.

Auditee's Response

The Circuit Clerk provided the following written response:

The Circuit Clerk has already taken action to implement many of the audit recommendations which has been acknowledged by the Office of State Courts Administrator ("OSCA"). Representatives from OSCA visited with the Circuit Court's Management Team comprised of the Circuit Clerk, the Presiding Judge, the other three judges, the Court Administrator and two supervisors (one for the Civil Division and one from the Criminal Division) and other courthouse employees since the audit. OSCA recognized that significant improvements have been made to internal controls since the audit. The improvements include, but are not limited to, the following: the use of manual receipts has been significantly reduced. Supervisors ensure that manual receipts are recorded in JIS. The supervisors no longer receipt monies. Non-monetary receipts now require documentation including court orders issued by the judges and the transactions are reviewed by supervisors. Only supervisors are allowed to void and retake receipts from cashier sessions. OSCA further noted that the Court has developed a written policy for receipting money and enacted "very good" accounting guidelines.

By way of further response, all money is receipted into JIS daily except when the computers are down. All parking ticket money is receipted by ticket number and entered into both the database for the Capitol Police and JIS daily. The Circuit Clerk reconciles both reports for accuracy. The Circuit Clerk is also now running regular reports looking for suspicious transactions or voided receipts.

4. Law Library Fund Controls and Procedures

Accounting duties related to the Law Library bank account are not adequately segregated and independent reviews over the accounting records are not performed. According to law library financial records, receipts collected during the years ended December 31, 2010 and 2009, were approximately \$49,945 and \$47,128, respectively. The Circuit Clerk performs all of the accounting duties including recording receipts, depositing monies, writing and signing checks, and performing bank reconciliations. An independent review of the financial activities is not



performed. In addition, the Circuit Clerk signs blank checks for the Court Administrator to make purchases from the Law Library Fund. Invoices for the disbursements are later provided to the Circuit Clerk. We reviewed purchases made in 2011, and it appears the items purchased were appropriate and adequately documented.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic reviews of the records should be performed by an independent individual and documented. In addition, to ensure disbursements are appropriate, the Circuit Clerk should refrain from signing blank checks for purchases.

Recommendation

The Court En Banc and the Circuit Clerk ensure accounting duties are adequately segregated or independent reviews are performed periodically. In addition, the Circuit Clerk should refrain from signing blank checks for purchases.

Auditee's Response

The Court En Banc provided the following written response:

The Court En Banc will require the Court Administrator to perform independent reviews of the law library fund. The Drug Court Administrator will review law library receipts and disbursements. No additional blank checks will be issued by the Circuit Clerk.

The Circuit Clerk provided the following written response:

This is being done. Segregation of responsibilities has been implemented. One individual is responsible for review of all entries. The Circuit Clerk is responsible for writing the text and the Court Administrator is performing the reconciliation. The Presiding Judge and Court Administrator are reviewing the decisions regarding expenditure of funds for the law library.

5. Parking Ticket Procedures

The Circuit Clerk does not have sufficient procedures to ensure all Missouri Capitol Police parking ticket receipts are recorded in the JIS and deposited. In addition, parking ticket receipts are not reconciled to the Capital Police parking ticket database. All Capitol Police parking tickets issued in Cole County are processed through the Circuit Court Criminal Division.

Prior to August 2011, when Capitol Police parking ticket receipts were received in the criminal division, a clerk would issue a manual receipt, enter the ticket number in a ticket log, and update the database maintained by the Capitol Police listing all tickets issued to show the ticket was paid. All tickets were added together and the total amount of cash received was entered as one receipt and the total amount of checks received was entered as another receipt in the JIS instead of entering the individual receipts for each ticket. These entries could include receipts issued for a period of



several days, and no identifying information about the individuals making the payments or the ticket numbers were entered into the JIS. Because individual names and ticket numbers were not entered into the JIS, there was no way to verify JIS receipts against the ticket database to ensure all payments were recorded and deposited. In addition, the ticket log was not used to verify all tickets were recorded in the JIS or deposited. Current procedures require these parking tickets be receipted individually into the JIS, and the receipt record indicates the applicable ticket number. However, there is still no reconciliation of monies received and deposited to tickets marked paid in the parking ticket database.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by implementing procedures to reconcile the parking ticket database to monies recorded in the JIS.

Recommendation

The Circuit Clerk reconcile the parking ticket database to JIS parking ticket receipts.

Auditee's Response

The Circuit Clerk provide the following written response:

This is being done. Payment for tickets is receipted according to the parking ticket number. The money for the tickets is receipted and deposited every day. The tickets are initially submitted through the Civil Division where the tickets envelopes are counted, but not opened. The tickets are then sent to the Criminal Division where a clerk is assigned to enter the ticket number into a spreadsheet. Then tickets are then turned over to a separate clerk for entry into both the JIS system and the Capitol Police system. There are only two clerks who are authorized users in the computer system. The Circuit Clerk reconciles the reports entered through JIS and the individual database for the Missouri Capitol Police.

The Court En Banc provided the following written response:

In the monthly review previously mentioned in response 2, the Circuit Clerk has provided no proof that the parking ticket database is reconciled to the Judicial Information System (JIS) parking ticket database.

6. Inactive Bank Accounts

The Circuit Clerk has two inactive bank accounts established to hold funds for court cases including one set up for a state agency case and another for a case involving a private company. The Circuit Clerk indicated both accounts were set up approximately 20 years ago, prior to her taking office, and she does not know why the monies are held. There has been no activity on the accounts and no attempt has been made to identify or properly dispose of the monies in these accounts. As of June 30, 2011, the balance in the state



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agency case account was \$132,244 and the balance in the other case was \$107,582.

Maintaining inactive accounts increases the risk of misuse of funds. To ensure funds held are disposed of in accordance with state law, the Circuit Clerk should work with the court to attempt to identify and distribute the funds held in the old inactive bank accounts, dispose of any unclaimed or unidentified funds, and close the accounts.

Recommendation

The Court En Banc and the Circuit Clerk attempt to identify and distribute the funds held in old inactive bank accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

Auditee's Response

The Court En Banc provided the following written response:

The Presiding Judge has requested the Circuit Clerk obtain court documents relating to these accounts. One court record has been obtained and is scheduled for court action on June 18, 2012. The Circuit Clerk has responded that she cannot locate any of the court records relating to the account for \$107,582. The Presiding Judge has contacted one of the parties to determine whether they have copies of any of the court records. After the file has been reconstructed, the court will proceed to dispose of the underlying case to distribute the proceeds.

The Circuit Clerk provided the following written response:

This is being done. The Circuit Clerk is working with the Court En banc to distribute funds held in old bank accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

Nineteenth Judicial Circuit - Civil and Criminal Divisions

Cole County - Circuit Clerk

Organization and Statistical Information

The Nineteenth Judicial Circuit consists only of Cole County.

The Nineteenth Judicial Circuit consists of three circuit judges, one associate circuit judge, and one senior judge. The three circuit judges preside over Divisions I, II, and IV. The associate circuit judge presides over Division III.

Personnel

At June 30, 2011, the judges, Circuit Clerk, and Court Administrator, of the Nineteenth Judicial Circuit, Cole County, were as follows:

Title	Name
Circuit Judge, Division I	Jon E. Beetem
Circuit Judge, Division II	Daniel R. Green
Circuit Judge, Division IV	Patricia S. Joyce
Associate Circuit Judge, Division III	Thomas L. Sodergren
Senior Judge	Byron L. Kinder
Circuit Clerk	Brenda A. Umstattd
Court Administrator	Marilue E. Hemmel

Financial Information

Receipts of the Nineteenth Judicial Circuit, Cole County, were as follows:

	Year Ended December 31,		
	2011	2010	2009
Court deposits, fee, bonds, and other	\$ 19,581,063	\$ 2,821,968	3,616,245
Drug Court	15,680	10,606	7,053
Interest income	22,773	8,899	11,394
Total	\$ 19,619,516 ¹	\$ 2,841,473	3,634,692

Caseload Information

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

	Year Ended June 30,	
	2011	2010
Civil	5,042	4,873
Criminal	5,504	5,808
Total	10,546	10,681

¹ The court receipted approximately \$16.5 million in 2011 for 1 case still in progress.



Nineteenth Judicial Circuit
Cole County - Circuit Clerk
Schedule of Missing Receipts

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

The Nineteenth Judicial Circuit, Cole County, did not receive any federal stimulus monies during the year ended December 31, 2010.

Nineteenth Judicial Circuit - Civil and Criminal Divisions

Cole County - Circuit Clerk

Supporting Documentation for Missing Cash Receipts

The following tables provide supporting documentation for the missing monies noted in Management Advisory Report finding number 1.

Cash Receipts Entered as Non-Monetary Judicial Order Transactions	Date Received	Manual Receipt Number	Amount Received
	December 10, 2010	789194	\$ 159
	December 16, 2010	577805	247
	December 30, 2010	577834	80
	February 8, 2011	577901	300
	February 28, 2011	577944	147
	March 31, 2011	241225	144
	March 31, 2011	241227	179
	May 27, 2011	241374	647
	May 31, 2011	241379	119
	Total		\$ 2,022

Missing Bonds	Date Received	Manual Receipt Number	Amount Received
	April 15, 2011	241266	\$ 5,000
	May 6, 2011	241316	1,000
	May 16, 2011	241344	500
	May 16, 2011	241345	500
	May 24, 2011	241365	1,000
	May 25, 2011	241370	2,000
	June 6, 2011	241384	500
	June 6, 2011	241385	500
	June 15, 2011	241399	200
	June 15, 2011	241400	100
	June 15, 2011	241001	100
	June 17, 2011	241005	1,000
	Total		\$ 12,400

Check Substituted for Cash Receipts	Date Received	Manual Receipt Number	Amount Received
	October 29, 2010	789084	\$ 122
	Total		\$ 122

Missing Receipt From Safe	Date Received	Manual Receipt Number	Amount Received
	June 29, 2011	241020	\$ 50
	Total		\$ 50



Nineteenth Judicial Circuit
Cole County - Circuit Clerk
Schedule of Missing Receipts

Parking Ticket Receipts Not
Deposited

Date Received	Manual Receipt Number	Amount Received
April 1, 2010	574662	\$ 10
April 5, 2010	574675	5
March 16, 2011	577987	50
June 9, 2011	241393	5
June 10, 2011	241394	5
Total Parking Receipts		\$ 75