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Missouri State Auditor

Sixteenth Judicial Circuit

City of Buckner Municipal Division

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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Sixteenth Judicial Circuit, City of Buckner Municipal Division

Bond Controls and Procedures	The city does not perform complete and timely bank reconciliations for the bond account. When the September 2011 bank reconciliation was completed the book balance exceeded the adjusted bank balance by \$2,063. Reasons for this difference were not investigated and in January 2012 the city adjusted the bond account book balance for that amount. Lists of liabilities are not prepared and compared to the reconciled balance of the bond account. At our request, the Court Administrator prepared a list of open bonds as of January 31, 2012, and the reconciled bond account balance exceeded identified liabilities by \$22,155. Bond forms are not issued numerically, and the Court Administrator does not account for the numerical sequence of bond forms received, which increases the risk of loss, theft, or misuse of bond monies.
Receipting Controls and Procedures	Accounting duties are not adequately segregated. The Court Administrator performs all duties related to the collection of fines, costs, and bonds, and neither the Municipal Judge nor other city officials provide adequate supervision or review of the Court Administrator's work. Municipal court receipts are not deposited timely or intact. During a cash count, auditors identified \$24,467 of undeposited monies on hand, including \$14,566 in cash, representing 28 days of receipts. In addition, receipt slips are not always issued immediately, and checks and money orders are not restrictively endorsed immediately upon receipt.
Ticket Controls and Procedures	Neither the Prosecuting Attorney nor the Municipal Judge adequately oversees or documents their approval of amendments to traffic tickets, making it difficult to ensure that tickets and related monies are handled properly.

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

American Recovery and
Reinvestment Act
(Federal Stimulus)

The Sixteenth Judicial Circuit, City of Buckner Municipal Division 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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Sixteenth Judicial Circuit

City of Buckner Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Sixteenth Judicial Circuit
and
Municipal Judge
Buckner, Missouri

We have audited certain operations of the City of Buckner Municipal Division of the Sixteenth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended September 30, 2011. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
2. Evaluate the municipal division's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We 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 municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Buckner Municipal Division of the Sixteenth Judicial Circuit.

A petition audit of the City of Buckner, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Management Advisory Report - State Auditor's Findings

1. Bond Controls and Procedures

Bond controls and procedures are in need of improvement.

1.1 Bank reconciliations

Bank reconciliations for the bond account, which are performed by the city, are not complete and timely. The September 2011 bank reconciliation showed the book balance exceeded the adjusted bank balance by \$2,063. Reasons for this difference were not investigated and an adjusting entry for that amount was made in January 2012 by the city to reduce the bond account book balance. Neither the court nor the city had documentation to support the adjusting entry. Had bank reconciliations been performed timely, it is more likely the court would have been able to identify the individual transactions which caused the account to be out of balance.

Monthly bank reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded, and errors or discrepancies are detected and corrected on a timely basis. Complete documentation of the reconciliations, and any adjusting entries, should be maintained to support conclusions and corrections, and to facilitate independent reviews.

1.2 Liabilities list

Lists of liabilities are not prepared and compared to the reconciled balance of the bond account. At our request, the Court Administrator prepared a list of open bonds as of January 31, 2012. The reconciled bond account balance at that date was \$32,680, while liabilities identified were only \$10,525, or a difference of \$22,155.

A monthly list of liabilities should be prepared and reviewed to ensure all bond dispositions have been properly recorded. In addition, monthly reconciliations between the open bonds maintained by the court and the bonds held in the bond bank account are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities.

1.3 Bond procedures

There is no procedure in place to account for the numerical sequence of bond forms issued by the police department. While the Court Administrator prepares a log of all bonds received from the police department, bond forms are not issued numerically, and she does not account for the numerical sequence of bond forms received. The police department does not maintain a bond log. During our review, we identified a \$150 cash bond paid by credit card on September 15, 2011, through the police department which was not transferred to the bond account until January 18, 2012. The bond form related to this bond was not transmitted to the Court Administrator, who would normally request the city transfer the bond from the city operating account to the bond account. This went undetected due to the lack of accountability over the bond forms.



To reduce the risk of loss, theft, or misuse of bond monies, and to provide assurance that all bond monies are accounted for properly, procedures to account for the numerical sequence of bond forms and transmittal of all bonds to the court should be established.

Recommendations

The City of Buckner Municipal Division:

- 1.1 Work with the city to ensure bond account bank reconciliations are performed in a timely manner. Discrepancies need to be resolved and adequate supporting documentation retained.
- 1.2 Prepare and reconcile a detailed list of liabilities to the reconciled bank balance monthly and work with the city to identify the differences.
- 1.3 Work with the police department to establish procedures to account for the numerical sequence of all bond forms issued.

Auditee's Response

The Municipal Judge provided the following written responses:

- 1.1 *This recommendation has been implemented.*
- 1.2 *A list of liabilities is prepared and presented to the City Administrator monthly. The Court will work with the city to identify differences.*
- 1.3 *While this is not technically the Court's responsibility, the Court and Police Department have already established procedures and implemented the recommendation.*

2. Receipting Controls and Procedures

Weaknesses were identified with receipting procedures of the municipal division.

2.1 Segregation of duties

The Court Administrator performs all duties related to the collection of fines, costs, and bonds. Neither the Municipal Judge nor other city officials independent of the cash custody and record keeping functions provide adequate supervision or review of the work performed by the Court Administrator. The City Administrator indicated she only compares the bank deposit receipt slip to the bank statement. The composition of receipts is not reconciled to the deposit by an independent person.

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 segregating duties to the extent possible. If proper segregation



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of duties is not possible, a documented independent review of the work performed by the Court Administrator is necessary.

2.2 Receipting and deposit procedures

Deposits of municipal court receipts are not made intact or on a timely basis. In addition, receipt slips are not issued immediately for some monies received, and restrictive endorsements are not made upon receipt.

During our cash count performed on January 19, 2012, we counted \$24,467 (\$21,512 in cost and fines, and \$2,955 in bonds) of undeposited monies on hand, including \$14,566 in cash, representing 28 days of receipts. While conducting the cash count, we determined the court deposited 37 checks, totaling \$4,240, on January 17, 2012, which were receipted through the violation bureau. However, the cash receipted through the violation bureau was not included in the deposit. The Court Administrator said she had deposited the checks only so defendants could see the checks had cleared their bank accounts. There were five receipts totaling \$575 that the Court Administrator indicated did not have corresponding tickets from the police department, therefore, the receipts had not been processed, and receipt slips had not been issued. Additionally, checks and money orders received by the municipal division are not restrictively endorsed until the deposit is prepared by the Court Administrator.

To reduce the possibility of loss, theft, or misuse of funds, monies received should be receipted and restrictively endorsed immediately upon receipt, and deposited intact and in a timely manner.

Recommendations

The City of Buckner Municipal Division:

- 2.1 Ensure documented periodic reviews of municipal division records are performed by a person independent of the accounting functions.
- 2.2 Deposit receipts timely and intact, require receipt slips be issued for all monies on a timely basis, and restrictively endorse checks and money orders immediately upon receipt.

Auditee's Response

The Municipal Judge provided the following written responses:

- 2.1 *The Court has worked with the city to implement this recommendation and believes such implementation has been accomplished.*
- 2.2 *This recommendation has been implemented.*

3. Ticket Controls and Procedures

The City Prosecuting Attorney allows the Court Administrator to use the amended ticket stamp to amend traffic tickets. The Court Administrator maintains the defective equipment stamp and amends tickets when



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defendants present an approved request from the Prosecuting Attorney. Neither the Prosecuting Attorney nor the Municipal Judge provide adequate oversight or document their approval of this process to ensure tickets are handled properly. Without better oversight over the disposition of tickets written, the risk of improper handling of tickets and related monies increases.

Recommendation

The City of Buckner Municipal Division require the Prosecuting Attorney's signature on all amended tickets.

Auditee's Response

The Municipal Judge provided the following written response:

The Court will require that the Prosecuting Attorney initial all tickets that are amended via the e-mail or mail procedure that the Prosecutor has implemented.

Sixteenth Judicial Circuit

City of Buckner Municipal Division

Organization and Statistical Information

The City of Buckner Municipal Division is in the Sixteenth Judicial Circuit, which consists of Jackson County. The Honorable Charles Atwell serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At September 30, 2011, the municipal division employees were as follows:

Title	Name
Municipal Judge	Don Lograsso
Court Administrator	Michelle Guyton

Financial and Caseload Information

	Year Ended September 30, 2011
Receipts	\$256,620
Number of cases filed	2,774

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The City of Buckner Municipal Division did not receive any federal stimulus monies during the year ended September 30, 2011.