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FOLLOW-UP REPORT ON AUDIT FINDINGS

Fortieth Judicial Circuit City of Pineville Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Fortieth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
City of Pineville, Missouri

We have conducted follow-up work on audit report findings contained in Report No. 2013-14, *Fortieth Judicial Circuit, City of Pineville Municipal Division*, issued in February 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the municipal division about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the municipal division, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the written status of selected findings and recommendations and supporting documentation submitted by city and municipal division officials, and held meetings with city and municipal division officials. Documentation provided by the municipal division included manual receipt slips; bank statements; Justice Information System (JIS), the Missouri

Courts automated case management system reports; case files; ticket logs; and various other financial and court records. This report is a summary of the results of this follow-up work, which was substantially completed during June 2013.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a prominent horizontal line above the first few letters of "Thomas".

Thomas A. Schweich
State Auditor

Fortieth Judicial Circuit, City of Pineville Municipal Division

Follow-Up Report on Prior Audit Findings

Status of Findings

1. **Missing Monies** Between June 2010 and May 2012 municipal division cash receipts totaling at least \$19,648 were received but not deposited. Some essential records documenting amounts received and case and ticket dispositions could not be located by the municipal division. These problems with records, along with correspondence with various defendants, indicated additional funds of at least \$1,648 could have also been missing. The former Court Clerk was primarily responsible for receipting, recording, and depositing all monies received by the municipal division.

Recommendation The City of Pineville Municipal Division work with law enforcement officials regarding any possible criminal prosecution related to the missing funds, including restitution. In addition, an attempt should be made to locate or recover the missing court records and documents to determine whether additional monies are missing.

Status **Implemented**

The City Clerk indicated the Municipal Division is working closely with the Missouri State Highway Patrol in its investigation of these and possibly additional missing monies and records. A Class C Felony charge for theft/stealing was filed against the former Court Clerk on June 13, 2013. A claim was filed with the city's insurance company related to the theft, and \$18,251 was received in June 2013 in settlement of the claim.

2. **Accounting Controls and Procedures** Significant weaknesses were identified with accounting controls and procedures of the municipal division.

2.1 **Segregation of duties** The duties of receiving and depositing monies were not adequately segregated from recording transactions. The former Court Clerk was primarily responsible for all duties related to the collection of monies, posting fines and court costs received into the Justice Information System (JIS), and deposit preparation. Neither the Municipal Judge nor other city officials independent of the cash custody and record keeping functions provided any supervision or review of the work performed by the former Court Clerk.

Recommendation The City of Pineville Municipal Division segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.

Status **In Progress**

The current Court Clerk still receives, records, and deposits all monies. The City Clerk indicated she has been reconciling the mail log to manual receipt slips, and manual receipt slips to the JIS, and the JIS to deposits, but she has



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not documented this reconciliation or review. The City Clerk indicated she will start documenting this reconciliation and review immediately.

**2.2 Receipting, recording,
and depositing
procedures**

Receipting, recording, and depositing procedures were inadequate. Manual receipt slips were often issued for monies paid to the court; however, no formal written policy had been established documenting when the use of manual receipt slips was appropriate and a separate receipt book was not maintained for municipal division monies received. There was no independent review to ensure manual receipt slips were properly recorded in the JIS and subsequently deposited. At least 110 manual receipt slips totaling \$19,648 were either not recorded or were not accurately recorded in the JIS and deposited. Manual receipt slips were not recorded in the JIS on a timely basis or deposited timely or intact. Generic rediform manual receipt slips were issued for monies received, manual receipt slips were not always issued in numerical order, and the same series of manual receipt slips were used to receipt both municipal division and city monies. The method of payment was not recorded on some receipt slips, and the method of payment recorded on some manual receipt slips did not agree to the method of payment recorded in the JIS. Manual receipt slips were not accounted for properly. Manual receipt slips issued prior to February 16, 2010, could not be located, and the numerical sequence of the JIS receipt slips issued was not accounted for properly. Checks and money orders on hand during a cash count had not been restrictively endorsed.

Recommendation

The City of Pineville Municipal Division establish procedures to ensure all manual receipt slips are subsequently posted to the JIS, and ensure all monies are deposited timely and intact. The use of manual receipt slips should be limited. In addition, the composition of receipt slips should be reconciled to the composition of deposits, and checks and money orders should be restrictively endorsed upon receipt.

Status

In Progress

As noted in section 2.1, the City Clerk indicated she is reconciling manual receipt slips to the JIS and to deposits. However, during our review of March and April 2013 municipal division records, we noted a few instances where monies received were not recorded timely in the JIS or deposited in a timely manner, and the method of payment was not always documented on manual receipt slips issued. The City Clerk indicated in the future, monies will be recorded and deposited more timely, she will ensure the method of payment is documented on the manual receipt slips when reconciling them to the JIS and deposit, and she will run a report of receipts issued from the JIS to ensure the numerical sequence of JIS receipts is accounted for properly. Our review of March and April 2013 records also showed the municipal division is issuing official prenumbered receipt slips separate from the city, accounting for the numerical sequence of manual receipt slips,



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and retaining all copies of voided receipt slips. The City Clerk indicated she will immediately start endorsing checks and money orders upon receipt.

2.3 Unpaid fines and costs

Established procedures for processing and collecting monies due on tickets were not followed by the former Court Clerk. While a list of unpaid fines and costs was maintained in the JIS, the former Court Clerk did not generate this report for the Municipal Judge's review.

Recommendation

The City of Pineville Municipal Division develop adequate procedures to account for and follow up on unpaid fines and costs.

Status

In Progress

The municipal division is currently utilizing tax intercept and debt offset collection activity for all unpaid fines and costs. The Court Clerk is preparing a list of unpaid fines and costs for non-residents and in the future, will generate a report of unpaid fines and costs from the JIS at least quarterly. The City Clerk indicated she will provide the Municipal Judge with a copy of both of these reports for his review and approval on a quarterly basis.

2.4 Adjustments

Adjustments in the JIS were not properly documented or reviewed by someone independent of receipting, recording, and depositing duties.

Recommendation

The City of Pineville Municipal Division require an independent review and approval of all adjustments made in the JIS, and retain adequate documentation to support adjustments.

Status

In Progress

Nine adjustments totaling \$242 were recorded by the Court Clerk in March and April 2013 without a documented independent review. In the future, the City Clerk indicated she will sign off on all fee adjustments of more than \$5. In addition, the City Clerk will run a report of adjustments from the JIS for review on a monthly basis and will randomly select cases from the report to ensure adjustments of more than \$5 have been properly approved. The City Clerk has contacted the Office of State Courts Administrator to receive supervisory training to help her adequately monitor adjustments and ensure proper documentation is retained.

2.5 Report of cases heard

A monthly list of all cases heard was not prepared and filed with the city as required by state law.

Recommendation

The City of Pineville Municipal Division ensure a monthly list of cases heard in the municipal division is prepared and filed with the city in accordance with state law.



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Status	Implemented
	The Municipal Division filed a report with the city in June 2013, and the Court Clerk indicated she plans to continue filing these reports monthly as required.
3. Municipal Division Procedures	Municipal division procedures related to ticket accountability, amended and dismissed charges on tickets, case dispositions, and monitoring of excess revenues needed improvement.
3.1 Ticket accountability	Neither the city Marshal's office nor the municipal division adequately accounted for the numerical sequence and ultimate disposition of traffic tickets issued. Some ticket books assigned to officers were not posted to the log of ticket books assigned that was maintained by the Marshal's office. Neither copies of tickets nor a list of all tickets issued or voided by the Marshal's office was maintained.
Recommendation	The City of Pineville Municipal Division work with the city Marshal's office to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.
Status	In Progress
	The City Clerk is maintaining a log of all tickets turned into the municipal division by the city Marshal's office. The City Clerk indicated she plans to investigate any skips in numerical sequences of ticket numbers.
3.2 Amended and dismissed charges on tickets	Procedures were not in place to ensure ticket information entered in the JIS was always approved by the City Prosecutor (such as amended charges, changes in fines and costs, and dismissals).
Recommendation	The City of Pineville Municipal Division develop procedures to ensure all amended and dismissed tickets, and tickets for which fines and costs have been adjusted, are approved by the City Prosecutor and properly posted to the JIS.
Status	In Progress
	The City Prosecutor now prepares a list of all amended and dismissed tickets, and tickets for which fines and costs have been adjusted and submits the list to the City Clerk for her review. The City Clerk indicated in the future, she plans to compare the City Prosecutor's list of amended and dismissed tickets to information recorded in the JIS at least monthly.
3.3 Case disposition	The former Court Clerk did not consistently or accurately document the final disposition of each case on the court dockets in the JIS. The Municipal



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Judge did not review and document his approval of court dockets for traffic tickets paid at the violation bureau or for other court dockets after case dispositions were recorded in the JIS. Neither the City Prosecutor nor the Municipal Judge provided adequate oversight or documented their approval of suspended case activity recorded in JIS.

Recommendation

The City of Pineville Municipal Division ensure the proper disposition of cases is documented. The Municipal Judge should review and document his approval of the recorded disposition of all cases. In addition, the City Prosecutor or Municipal Judge should review and document their approval of suspended out of state or area resident tickets recorded.

Status

In Progress

The Municipal Judge has not implemented procedures to ensure his documented approval of all dispositions is recorded. The City Clerk indicated when a ticket is paid at the violations bureau, the ticket is filed without being held for review of the Municipal Judge. In the future, the City Clerk indicated these tickets will be presented to the Municipal Judge for his review and approval at the next court date. The Municipal Judge has begun documenting approval of the final disposition of suspended cases.

3.4 Monitoring of excess revenues

The municipal division and the city did not have adequate ongoing procedures to track tickets issued on state or federal highways located in the city, and the related fines and court costs collected, to determine whether excess revenues should be distributed to the Department of Revenue (DOR).

Recommendation

The City of Pineville Municipal Division work with the City of Pineville to track the collection of fines and court costs for traffic violations on the state and federal highways to ensure compliance with the excess revenue state law.

Status

In Progress

The municipal division has established a system in the JIS to identify fines and court costs collected on state and federal highways. Fines and court costs collected on state and federal highways are then separately recorded from other fines in the city accounting system to be used to calculate excess revenues. The City Clerk indicated this calculation will be completed near the end of calendar year 2013.