



Thomas A. Schweich  
Missouri State Auditor

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# Twenty-Sixth Judicial Circuit

## City of Versailles Municipal Division

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August 2013

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**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Twenty-Sixth Judicial Circuit, City of Versailles Municipal Division

Non-monetary Transactions	There is no independent reconciliation of approved non-monetary transactions, such as judicial order transactions and uncollectible bad debt write-offs, to actual changes made in the computerized case management system. Since the Court Clerk is the only person with access to the computerized system and is also responsible for collecting court receipts, an independent review of non-monetary transactions is needed.
Ticket Accountability	Neither the Police Department nor the municipal division maintains adequate records to account for tickets assigned and issued, and their ultimate disposition. Audit staff reviewed 60 tickets and could not locate 4; the Police Department eventually located 2 of these tickets, but the other 2 could not be located, so it is not possible to determine if they were properly handled.
Receipt Procedures	The municipal division's receipt procedures are not sufficient and do not provide assurance that all monies collected are accounted for properly. The numerical sequence of receipts slips is not accounted for properly. In addition, the composition of receipts (cash, check, or credit card) is not reconciled to the composition of monies transmitted to the city, making it more difficult to ensure all monies have been recorded and transmitted.

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

\*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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# Twenty-Sixth Judicial Circuit

## City of Versailles Municipal Division

### Table of Contents

---

State Auditor's Report	2
------------------------	---

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Management Advisory	
Report - State Auditor's	1. Non-Monetary Transactions.....4
Findings	2. Ticket Accountability .....4
	3. Receipt Procedures.....5

---

Organization and Statistical	7
Information	



# THOMAS A. SCHWEICH

## Missouri State Auditor

Presiding Judge  
Twenty-Sixth Judicial Circuit  
and  
Municipal Judge  
and  
Honorable Mayor  
and  
Members of the Board of Aldermen  
Versailles, Missouri

We have audited certain operations of the City of Versailles Municipal Division of the Twenty-Sixth 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 December 31, 2012. 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.
3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained by municipalities from traffic violations occurring on state and federal highways.

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, (2) no significant noncompliance with legal provisions, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Versailles Municipal Division of the Twenty-Sixth Judicial Circuit.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Robert Graham

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Twenty-Sixth Judicial Circuit  
City of Versailles Municipal Division  
Management Advisory Report - State Auditor's Findings

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**1. Non-Monetary Transactions**

There is no independent reconciliation of approved non-monetary transactions to actual changes made in the computerized case management system, nor is a system report of such transactions generated. Non-monetary transactions, including judicial order transactions and uncollectible bad debt write-offs, are transactions in which no monies are received; however, a credit is applied to the account or the amount due is changed.

The Judge authorizes non-monetary transactions before they are entered into the computerized case management system by the Court Clerk. He authorizes judicial order transactions during court and authorizes uncollectible bad debt write-offs periodically based on his review of the applicable cases. However, a control weakness still exists because the Court Clerk is the only person with access to the computerized case management system, is responsible for collecting court receipts, and does not generate reports of non-monetary transactions for the Judge to review and approve. At our request, the Court Clerk was able to generate two reports from the case management system that showed the non-monetary transactions for jail time served and community service, which totaled \$628 during 2012. However, she was unable to produce a report which included all non-monetary transactions posted to the system. We contacted the software vendor who indicated the system was unable to provide such a report.

An independent review of non-monetary transactions recorded in the computerized case management system is necessary to ensure such transactions are appropriate and to reduce the risk of errors, theft, or misuse of funds.

**Recommendation**

The City of Versailles Municipal Division work with the computer software vendor to develop a report showing all non-monetary transactions. The Municipal Judge should periodically review this report to ensure all non-monetary transactions in the system are appropriate.

**Auditee's Response**

*The Municipal Judge and Court Clerk provided the following response:*

*We agree with the recommendation and we have talked to the software provider to develop an enhancement to produce a report of non-monetary transactions. We anticipate this happening sometime this fall. Once this report is developed, the Municipal Judge will review the report periodically.*

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**2. Ticket Accountability**

Neither the Police Department nor the municipal division maintains adequate records to account for tickets assigned and issued, and their ultimate disposition. Ticket books are not assigned to officers in numerical order, a log of ticket books assigned to each officer is not maintained, and officers are not required to turn in used ticket books before new ones are issued.



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Twenty-Sixth Judicial Circuit  
City of Versailles Municipal Division  
Management Advisory Report - State Auditor's Findings

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Both the Police Department and the municipal division maintain logs to track tickets issued. However, the Police Department log is kept for internal tracking purposes and is not maintained in numerical ticket sequence. In addition, while the municipal division log lists tickets in numerical sequence, the disposition information for some ticket numbers was not recorded. For example, there were no dispositions noted for an entire ticket book of 25 tickets. The Police Department was eventually able to determine that the missing ticket book was in the hands of a reserve police officer and no tickets had been written from the book. However, since ticket books are not assigned to officers in numerical order, it is difficult for the municipal division to know which missing tickets need follow up, which are still unissued and in the possession of officers, and which have not yet been assigned to officers. We noted some 2012 court cases in which the tickets issued were from ticket books purchased from as far back as 2004. In addition, we reviewed 60 tickets and identified 4 individual tickets that could not be located. The Police Department was eventually able to locate two of the tickets during our fieldwork. However, the other two tickets could not be located and it is not possible to determine if these tickets were properly handled.

To ensure all tickets assigned and issued are properly submitted to the municipal division and to reduce the risk of errors, theft, or misuse of funds occurring without detection, a proper accounting for the numerical sequence and ultimate disposition of tickets is necessary.

## Recommendation

The City of Versailles Municipal Division work with the Police Department to account for the numerical sequence of all tickets assigned and issued, and their ultimate disposition.

## Auditee's Response

*The Municipal Judge, Court Clerk, and Police Chief provided the following response:*

*The two missing tickets were voided and then destroyed by the officer assigned that series of tickets. All officers have been readvised of department policy to turn in all voided tickets. The Court Clerk has reformatted her spreadsheet used to track tickets to make it easier to search for missing tickets and is searching for missing tickets at least monthly. The Police Department is now issuing ticket books in order and is tracking which ticket books are assigned to each officer. The Court Clerk is tracking the disposition of tickets in the computerized case management system and will ensure all tickets are in the system based on her search for missing tickets.*

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## 3. Receipt Procedures

Receipt procedures are not sufficient and do not provide assurance all monies collected are accounted for properly. The municipal division has two sets of manual receipt slips. One is used for fines and court costs and the



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Twenty-Sixth Judicial Circuit  
City of Versailles Municipal Division  
Management Advisory Report - State Auditor's Findings

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other is used for bonds and restitution. Fines and court costs are transmitted to the city for deposit into the city's bank account while bonds and restitution are deposited into the court's bank account.

Numerical sequence

The numerical sequence of receipt slips issued is not accounted for properly. Manual receipt slip numbers are posted to the computerized case management system and a monthly report of receipts is generated. However, there are no procedures or independent reviews in place to ensure all manual receipt slips are entered into the computerized case management system.

Composition

The composition (cash, check, or credit card) of receipts is not reconciled to the composition of transmittals. While copies of the manual receipt slips are turned over to the city along with fine and court cost receipts, city personnel are not reconciling the composition of receipt slips to monies transmitted.

Without ensuring the numerical sequence or composition of receipts, there is less assurance all monies have been recorded and transmitted.

Recommendation

The City of Versailles Municipal Division ensure the numerical sequence of receipt slips is accounted for and the composition of receipts is reconciled to the composition of transmittals.

Auditee's Response

*The Municipal Judge and Court Clerk provided the following response:*

*We have created a form to show composition and receipt slip number of all fines and costs receipts and account for the numerical sequence. The Court Clerk compares this form to the computerized case management system daily reports. Carbon copies of manual receipt slips for bonds and restitution are attached to the carbon copy of the deposit slip and given to the city's Finance Director to review. The Finance Director will account for the numerical sequence during her review.*

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# Twenty-Sixth Judicial Circuit

## City of Versailles Municipal Division

### Organization and Statistical Information

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The City of Versailles Municipal Division is in the Twenty-Sixth Judicial Circuit, which consists of Camden, Laclede, Miller, Moniteau, and Morgan Counties. The Honorable Kenneth M. Hayden 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 court costs are collected at times other than during court and transmitted to the city treasury.

#### Personnel

At December 31, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	Kenneth McCutcheon, Jr.
Court Clerk	Jeanie McGinnis
Deputy Court Clerk	Linda Pohl

#### Financial and Caseload Information

	Year Ended December 31, 2012
Receipts	\$45,473
Number of cases filed	576