



Nicole R. Galloway, CPA  
Missouri State Auditor

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# FOLLOW-UP REPORT ON AUDIT FINDINGS

## Thirty-Seventh Judicial Circuit

### City of West Plains Municipal Division



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July 2015

Report No. 2015-053

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Follow-Up Report on Audit Findings  
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**NICOLE R. GALLOWAY, CPA**  
**Missouri State Auditor**

Presiding Judge  
Thirty-Seventh Judicial Circuit  
and  
Municipal Judge  
and  
Honorable Mayor  
and  
Members of the City Council  
West Plains, Missouri

We have conducted follow-up work on audit report findings contained in Report No. 2014-121, *Thirty-Seventh Judicial Circuit, City of West Plains Municipal Division* (rated as Fair), issued in December 2014, 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 supporting documentation provided by municipal division and city officials, and held meetings with these officials. Documentation reviewed included transmittal reconciliations, receipt reports, deposit records, case management system reports, ticket logs, and various other financial and municipal division records. This report is a summary of the results of this follow-up work, which was substantially completed during June 2015.

Nicole R. Galloway, CPA  
State Auditor

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# Thirty-Seventh Judicial Circuit, City of West Plains Municipal Division

## Follow-Up Report on Audit Findings

### Status of Findings

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- 1. **Municipal Division Records**

Municipal division records were not maintained in an accurate, complete and organized manner.
- 1.1 **Recording and reconciliation**

Court administrators did not always accurately or timely post receipts to the case management system. In addition, the court had no process to reconcile case information to manual receipt slips and deposit records.

We reviewed 264 manual receipt slips issued during July 2013 and determined court administrators did not post 16 of the receipt slips to the case management system until 4 to 91 days after receipt. Also, the court administrators did not post 2 of the receipt slips to the system, posted 11 of the receipt slips with the wrong method of payment, and posted 3 of the receipt slips with the wrong amounts.

Our review of cases related to 115 defendants identified amounts recorded on 26 manual receipt slips and deposit records did not agree to amounts posted to the system. Court administrators indicated these differences were likely due to data entry errors.

Neither the municipal division nor city personnel reconciled a daily report of receipts posted to the case management system to the manual receipt slips and the deposit. As a result, court administrators did not identify discrepancies between manual records and system records and did not detect and correct posting errors.

**Recommendation**

The City of West Plains Municipal Division ensure case activity is accurately and timely recorded in the case management system and reconciled to manual receipt records and the deposits.

**Status**

**Implemented**

The municipal division implemented a policy that all transactions, both manual and electronic, shall be processed immediately. The court administrators review the transactions in the case management system prior to posting each batch of receipts to ensure the accuracy of the transactions entered. Beginning in April 2015, the court administrators transmit the monies collected, transaction (receipt) reports, manual receipt records, and daily distribution reports to city personnel. City personnel prepare a transmittal reconciliation of monies counted during the transmittal, verify the composition of monies received agrees to the composition of receipt records, and prepare the deposit. City personnel take the deposit to the bank and provide the court administrators with a copy of the validated deposit slip and the transmittal reconciliation. The municipal division implemented the electronic receipt recorder component of the case management system on June 22, 2015, and is working with the case management system vendor to update the violation charge codes. After a 30-day test period, the



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electronic receipt recorder component will be fully implemented and the manual receipting system (peg board and handwritten receipts) will cease. Case activity will automatically update as receipts are recorded.

## 1.2 Fines and court costs

Court administrators did not always assess fines and court costs in accordance with the violations bureau (VB) schedule, Municipal Judge's orders, or plea agreements. In addition, court administrators did not ensure adequate supporting documentation was obtained for changes to the assessed fines and court costs.

- Court administrators did not properly update fines and court costs assessed in the system to amounts ordered by the Municipal Judge when those amounts varied from standard fines and court costs.
- Four cases related to 2 defendants were identified in which fines and court costs totaling \$825 were improperly waived and reduced to zero in the system.
- Court administrators did not ensure approved plea agreements were maintained in the case files.

## Recommendation

The City of West Plains Municipal Division develop procedures to ensure fines and court costs assessed agree to the standard fines and court costs, plea agreement, or the Municipal Judge's orders. In addition, ensure changes to assessed fines and court costs contain a documented approval by the Prosecuting Attorney or the Municipal Judge and are properly posted to the case management system.

## Status

### **Implemented**

The municipal division implemented a policy that the court administrators confirm the amount assessed agrees to the Municipal Judge's orders on the docket sheet or the VB schedule. When the Municipal Judge verbally approves changes in fees over the phone, the court administrators place the case file on the Municipal Judge's desk for his review upon returning to the office. The Municipal Judge makes a docket sheet entry to record his approval for any changes in fees. In addition, the Prosecuting Attorney indicated he files all tickets received from the Police Department with the court and then formerly dismisses or amends tickets as appropriate. The court administrators do not make any changes to cases in the case management system or accept payments on plea agreements until they receive documented approval of the change or plea agreement from the Prosecuting Attorney.



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### 1.3 Case disposition

The municipal division did not have adequate procedures to properly monitor the status of cases through final disposition. The court administrators entered the case status and a future court date into the case management system. Neither the Municipal Judge nor city personnel adequately reviewed the status and disposition of cases entered in the system.

In our review of cases related to 115 defendants, we determined the disposition or status of cases related to 59 defendants were not adequately tracked. Errors noted included inaccurate statuses and court dates in the case management system, inaccurate balances due and no active warrant for defendants with delinquent balances. We also noted 2 instances where defendants received a suspended imposition of sentence and the court administrators incorrectly entered future case disposition court dates following a 1 year probationary period.

Because the municipal division did not have adequate procedures to properly monitor the status of cases through final disposition in the case management system, the court administrators were not aware of these errors until we brought them to their attention.

### Recommendation

The City of West Plains Municipal Division ensure the status and disposition of all cases are accurately and timely recorded in the case management system and periodically reviewed by persons independent of the receipting and recording process.

### Status

#### **In Progress**

As of the date of our follow up meeting, the court administrators had established parameters in the case management system to automatically assign appropriate future court dates for certain case statuses, and plan to work with the case management system vendor to determine if similar parameters can be established for other case statuses. The court administrators have generated a report listing citations with a balance due for all cases with no conviction date entered in the case management system. They are reviewing this report as time permits and determining the current status of the older cases and what procedures are necessary to complete these cases. Once they complete their review, the court administrators plan to provide this citation report to the Municipal Judge on a monthly basis for his review.

### 1.4 Missing records

The court administrators could not locate 20 manual case files requested during the audit. As a result, we could not determine if the case and financial activity and disposition of those tickets had been properly reflected in the case management system.



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**Recommendation**

The City of West Plains Municipal Division ensure case records are appropriately retained.

**Status**

**Implemented**

The municipal division established a new filing system to ensure all case records are appropriately retained. The court administrators file case records by year with each year sorted by type of case (such as traffic ordinances, general ordinances, and DWI) and maintain confidential (closed) records in a separate room.

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**2. Accounting Controls and Procedures**

Accounting controls and procedures needed improvement.

**2.1 Accrued costs**

Court administrators did not adequately monitor accrued costs and did not periodically reconcile the manual accrued costs report to balances recorded in the case management system.

Court administrators recorded fines, court costs, and restitution ordered by the Municipal Judge and defendant payments on a manual payment plan card maintained for each case. Information from the payment plan cards were compiled into a spreadsheet of accrued costs and reported to the city. Accrued costs related to restitution were not included in the report to the city because restitution represented monies owed to victims and not to the city. As of March 31, 2014, the spreadsheet reported accrued costs of \$106,910.

The court administrators did not review or reconcile accrued costs recorded in the case management system to the manual records. The case management system could generate a report of balances due for citations with a conviction entered. The system calculated the accrued costs based on defendants with a conviction date and a balance due. As of April 2, 2014, the case management system reported \$112,070 as the balance due to the court. After accounting for restitution and timing differences due to the different reporting dates, we were unable to reconcile the two reports.

We performed a comparison of the manual records and case management system reports by defendant name and reviewed all cases pertaining to 115 defendants. We identified numerous under and over statements of account balances in both records and incorrect conviction dates recorded in the system.

**Recommendation**

The City of West Plains Municipal Division ensure accrued costs are adequately tracked and properly reported.



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**Status**

**In Progress**

The municipal division reviewed and updated accrued costs for the open cases that have a recorded conviction date. The Municipal Judge issued two court orders to write off outstanding balances deemed uncollectable and withdrew some older outstanding warrants. The court administrators are currently reviewing accrued costs for open cases that do not have a conviction date entered in the case management system and updating these records as time allows. Once the accrued costs balances are updated and verified to be accurate in the case management system, the city's accounting department personnel plan to review the balances for reasonableness each month. The Municipal Judge is currently scanning the accrued costs balances as part of his monthly review.

2.2 Segregation of duties

The municipal division did not have an adequate segregation of accounting duties or independent review processes in place. Neither the Municipal Judge nor city personnel performed adequate reviews of accounting records maintained by the court administrators. City personnel reviewed copies of manual receipt slips and deposit slips but did not compare these records to the case management system and payment plan records.

**Recommendation**

The City of West Plains Municipal Division segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

**Status**

**Implemented**

The municipal division improved segregation and oversight of accounting duties by reassignment of the deposit function to city personnel and implementing additional reconciliation and review procedures (for more details, see the status at section 1.1). The Municipal Judge also documents his monthly reviews of various reports generated from the case management system and prepared by the court administrators.

2.3 Noncash transactions

The municipal division did not ensure noncash transactions in the case management system were properly documented and had not established procedures for review and approval of noncash transactions by persons independent of the receipting process. The court administrators made noncash transactions to document community service performed in lieu of fines due, to correct posting errors, and to waive fines and court costs. Most noncash transactions should have been supported by a judicial order on the docket sheet and a community service work form signed by a designated city supervisor attesting to hours of service completed. However, the municipal division did not maintain sufficient documentation to support numerous noncash transactions that occurred during the audit period.



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**Recommendation**

The City of West Plains Municipal Division require an independent review and approval of all noncash transactions, and retain adequate documentation to support noncash transactions.

**Status**

**Implemented**

The Municipal Judge receives a monthly packet that includes a noncash transaction report from the case management system and another report prepared by the court administrators listing cases with fees waived by judicial order or reduced for community service worked. The Municipal Judge reviews these reports to determine if the transactions appear proper and makes notations on the reports to explain specific transactions; and signs the cover page to document his review of the monthly packet. The city Finance Director also reviews the noncash transaction report to determine if the transactions appear proper and is maintaining documentation of his reviews.

For community service work performed, the municipal division implemented a new procedure requiring documentation of hours worked on official prenumbered forms. These forms contain 3 parts; the court and defendant each receive a part upon the defendant's completion of the community service work, and the entity where the work was performed also receives one. The court administrators control access to blank forms and require a signature indicating receipt for each batch of forms distributed. Court administrators indicated when hours worked apply to multiple cases, case numbers are noted on the form and a copy is placed in each applicable case file.

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**3. Municipal Division Procedures**

Procedures related to ticket accountability for traffic tickets, parking ticket receipts, and monitoring excess revenues needed improvement.

**3.1 Traffic ticket accountability**

Neither the police department nor the municipal division adequately accounted for the ultimate disposition of all traffic tickets.

For 2 of 20 traffic tickets tested, neither the court administrators nor police department personnel could locate any record of the issuance, voiding, filing, or dismissal of the tickets. In addition, for 3 of 20 traffic tickets tested, the police department's manual log and computerized system indicated the tickets had been issued; however, neither the court administrators nor the personnel from the West Plains Prosecuting Attorney's office had a record of these tickets being filed and could not verify the final disposition. As a result, the court and city could not account for 5 of 20 traffic tickets tested.



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**Recommendation**

The City of West Plains Municipal Division work with the police department to ensure the numerical sequence and ultimate disposition of all traffic tickets are accounted for properly.

**Status**

**Partially Implemented**

The police department clerk, who also serves as the Prosecuting Attorney's office clerk, maintains a log of traffic tickets and follows up with police officers on a weekly basis to account for any missing tickets. Voided tickets are included in the log and are physically maintained by the police department clerk. The Prosecuting Attorney files all tickets with the municipal division and subsequently decides whether to prosecute, amend the charges, or dismiss the ticket and provides the court with documentation to support the amendments or dismissals. However, there is still no reconciliation between the court case management system records and the log of traffic tickets to ensure all tickets filed with the court are accounted for properly.

**3.2 Parking ticket receipts**

The municipal division did not maintain adequate records to account for all parking ticket payments received and deposited by the court administrators.

The police officer responsible for issuing the parking tickets was also responsible for collecting payments made at courtesy collection points. The court administrators did not issue a receipt slip to the police officer for total monies received when he transmitted them to the court.

**Recommendation**

The City of West Plains Municipal Division issue receipt slips for all parking ticket payments received and reconcile to the deposits.

**Status**

**Implemented**

Parking tickets are no longer issued and the municipal division is not responsible for receiving any money on previously issued parking tickets.

**3.3 Monitoring of excess revenues**

The municipal division had not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office (SAO).

The municipal division did not have procedures in place to identify traffic violation tickets and the associated fines and court costs collected and transmitted to the city. This information was needed by the city to calculate the percent of annual general operating revenue from fines and court costs related to traffic violations, determine whether excess revenues should have been distributed to the state Department of Revenue, and provide an accounting of the percent in its annual financial report as required by state



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law. The city's fiscal year end March 31, 2014, did not provide an accounting of the percent of annual general operating revenue from fines and court costs related to traffic violations.

**Recommendation**

The City of West Plains Municipal Division develop procedures and records to identify applicable traffic violations and the associated fines and court costs revenues and provide this information to the city.

**Status**

**Implemented**

The municipal division worked with the case management system vendor to implement software changes and is now able to track traffic violation tickets and the associated fines and court costs collected and transmitted to the city. As of April 1, 2015, the city added a revenue line to its chart of accounts to separately account for revenue from fines and court costs related to traffic violations and report the required information in its financial statements. The city Finance Director indicated he has already spoken with the financial auditors to ensure the required information is included in their report on the city's financial statements.