



Office of Missouri State Auditor
Nicole Galloway, CPA

Thirty-Seventh Judicial Circuit
City of Winona
Municipal Division



CITIZENS SUMMARY

Findings in the audit of Thirty-Seventh Judicial Circuit - City of Winona Municipal Division

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| Accounting Controls and Procedures | The municipal division has not adequately segregated accounting and record-keeping duties, and neither the Municipal Judge nor city personnel performed supervisory or independent reviews of accounting and bank records. The municipal division does not have adequate receipting, recording, and depositing procedures in place. The police department has not established adequate transmitting procedures. The city and municipal division's procedures regarding bank reconciliations and liabilities need improvement. Police department personnel issue generic unnumbered bond forms, do not maintain a log of bonds received, and do not always issue prenumbered receipt slips for bonds received. The municipal division and the city have little assurance that certain court surcharges were properly used in compliance with state law. The Court Clerk does not periodically review accrued costs owed to the municipal division. The municipal division change fund is not maintained at a constant amount. |
| Municipal Division Procedures | The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the Violation Bureau. Controls over the Municipal Judge's signature stamp are not sufficient. Municipal division case records are not maintained in an accurate and complete manner. The police department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. Adequate notice is not provided to defendants prior to bond forfeiture hearings as required by state law. The municipal division has not reviewed and determined how to disburse Court Automation Fund fees that were collected until late February 2017, when collection of the fee was determined to be inappropriate and discontinued. The Municipal Judge has not issued a court order for the schedule of fines and court costs to be collected on tickets paid through the Violation Bureau. |
| Excess Revenues | The city does not have adequate support for its 2016 excess revenues calculation resulting in no excess revenues owed to the Department of Revenue. However, our calculations resulted in excess revenues of at least \$21,987 owed to the Department of Revenue. |
| Electronic Data Security | Controls over municipal division computers are not sufficient. |

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

*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.

Thirty-Seventh Judicial Circuit

City of Winona Municipal Division

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NICOLE GALLOWAY, CPA

Missouri State Auditor

Presiding Judge
Thirty-Seventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Winona, Missouri

We have audited certain operations of the City of Winona Municipal Division of the Thirty-Seventh 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, 2016. 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 and city's compliance with certain legal provisions.
3. Evaluate the municipal division's compliance with certain court rules.
4. Evaluate the city's compliance with state laws restricting the amount of certain court revenues that may be retained.

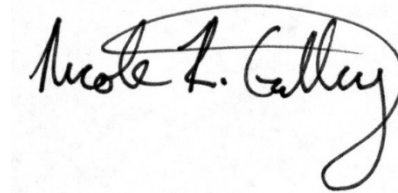
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We 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 applicable contract, grant agreement, or 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) noncompliance with legal provisions, (3) noncompliance with court rules, and (4) noncompliance with state laws restricting the amount of certain court revenues that may be retained. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Winona Municipal Division of the Thirty-Seventh Judicial Circuit.

A petition audit of the City of Winona, 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.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

| | |
|---------------------|------------------------------------|
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Thirty-Seventh Judicial Circuit

City of Winona Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Significant weaknesses exist with accounting controls and procedures. During the year ended December 31, 2016, the municipal division collected \$151,645 in fines, court costs, and bonds.

Terri Denton served as the City Clerk and the Court Clerk until her termination in September 2017. A new City Clerk was hired in October 2017, and a new Court Clerk was hired in November 2017. In addition, the city opened a new municipal division bank account and a bond bank account in October 2017. We refer to Terri Denton as the Court Clerk throughout the report.

1.1 Segregation of duties and oversight

The municipal division has not adequately segregated accounting and record-keeping duties, and neither the Municipal Judge nor city personnel performed supervisory or independent reviews of accounting and bank records.

The Court Clerk was primarily responsible for duties related to collecting court monies, recording and posting these monies in the case management system, preparing deposits for the city's municipal division bank account, preparing and issuing checks, and reconciling the bank account.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by implementing documented supervisory or independent reviews of accounting and bank records.

1.2 Receipting, recording, depositing, and transmitting

The municipal division does not have adequate receipting, recording, and depositing procedures in place. In addition, the police department has not established adequate transmitting procedures.

- The Court Clerk and Assistant Court Clerk did not issue manual receipt slips for all monies received, and as a result, a complete record of monies received is not maintained. For example, during our review of deposits made between December 8, 2016, and March 28, 2017, monies totaling \$3,587 were deposited into the city's municipal division bank account, but were not issued manual receipt slips. These monies represented \$1,827 in bonds received for other counties and \$1,760 in board bills received. Some of these monies were also not recorded in the case management system that related to case activity and should have been recorded.
- The Court Clerk does not account for the numerical sequence of manual receipt slips and does not reconcile manual receipt slips issued to receipts recorded in the case management system to ensure all monies are accounted for properly. For example, a manual receipt slip was issued on April 19, 2016, for \$265 and the monies were subsequently deposited on



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April 21, 2016; however, the receipt was not recorded in the case management system until January 30, 2017.

- The Court Clerk does not deposit receipts timely. Deposits are made approximately once a week regardless of the amount of monies collected. For example, during our review of deposits made from December 2016 to March 2017, deposits were made almost weekly and ranged from \$586 to \$4,316, with most deposits being made for more than \$1,000.
- Transmittals from the police department to the municipal division are not documented, and a reconciliation of receipt slips issued by the police department to monies transmitted to the municipal division is not performed. As a result, there is no assurance all monies collected by the police department are properly accounted for by the municipal division. The police department collects monies for bonds, accident reports, towing fees, and other various miscellaneous fees. Monies collected are periodically transmitted to the municipal division.

Failure to implement adequate receipting, recording, depositing, and transmitting procedures increases the risk that loss, theft, or misuse of monies will go undetected.

1.3 Bank reconciliations and liabilities

The city and municipal division's procedures regarding bank reconciliations and liabilities need improvement.

New bank account

The current City Clerk does not prepare accurate bank reconciliations and does not work with the current Court Clerk to prepare a list of liabilities for comparison to the reconciled bank balance for the new municipal division bank account.

Deposits in transit are not included in the bank reconciliations of the new municipal division bank account, and as a result, the reconciled bank balances are inaccurate. For example, deposits in transits totaling \$1,581 were not included in the December 31, 2017, bank reconciliation. These deposits in transit were from online payments that were recorded as received in the case management system, but were not recorded as received in the computerized accounting system. In addition, we prepared a list of liabilities for this account as of December 31, 2017. The list totaled \$14,333, while the reconciled bank balance was \$11,527, resulting in a difference of \$2,806. The difference was caused by various accounting errors totaling \$184, and receipts totaling \$2,622 that were deposited into the old municipal division bank account prior to the opening of the new bank account and were not transferred to the new bank account, where the related disbursements were made.

Old bank account

The current City Clerk discontinued depositing court collections into the old municipal division bank account in October 2017. However, the old account



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remains open and had a reconciled bank balance at December 31, 2017, of \$5,249. We prepared a list of liabilities as of December 31, 2017, and the list totaled \$2,622 (amount owed to the new municipal division bank account), resulting in \$2,627 in the account that remains unidentified.

Missouri Supreme Court Operating Rule No. 4.59 requires reconciling all bank balances and open items (liabilities) records at least monthly. Adequate and accurate bank reconciliations and reconciling liabilities to the reconciled bank balance are necessary to ensure all accounting records balance, transactions have been properly recorded, open cases are properly accounted for, monies held in trust are sufficient to meet liabilities, and errors or discrepancies are detected and corrected timely. Additionally, maintaining an old bank account increases the risk of misuse of funds. To ensure funds are disposed of properly, the city and municipal division should attempt to identify and distribute the funds held in the old bank account, dispose of any unclaimed or unidentified funds in accordance with state law, and close the account.

1.4 Bonds

Police department personnel issue generic unnumbered bond forms, do not maintain a log of bonds received, and do not always issue prenumbered receipt slips for bonds received. As a result, neither the Court Clerk nor the City Clerk can account for all bonds received and ensure bonds are handled properly and transmitted to the municipal division timely.

To reduce the risk of loss, theft, or misuse of bond monies received, and to provide assurance all bond monies are accounted for properly, official prenumbered bond forms should be issued for all bonds received and all bonds collected should be recorded on a bond log and transmitted to the municipal division timely.

1.5 Restricted funds

The municipal division and the city have little assurance that certain court surcharges were properly used in compliance with state law. The city did not establish a separate fund and/or accounting for monies collected for the biometric verification surcharge or the law enforcement training surcharge. In addition, the city is not accounting for the monies collected and disbursed for these surcharges, does not know what has been spent or the remaining balance, and cannot demonstrate these monies were used for statutorily intended purposes.

Biometric verification surcharge

For the year ended December 31, 2016, the municipal division deposited biometric verification surcharge monies totaling \$1,394 into the city's municipal division bank account. The city passed an ordinance to begin assessing the \$2 surcharge on new cases filed starting after April 5, 2015. The city has not established a separate fund for these monies as required by statute.



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Section 488.5026.3, RSMo, requires establishment of an Inmate Prisoner Detainee Security Fund and provides requirements concerning the usage of biometric verification surcharge funds. Allowable uses include acquisition and development of a biometric verification system; maintenance, repair, and replacement of the information sharing or biometric verification system; and any expenses related to detention, custody, and housing and other expenses for inmates, prisoners, and detainees.

Law enforcement training
surcharge

For the year ended December 31, 2016, the municipal division deposited law enforcement training (LET) surcharge monies totaling \$1,519 into the city's municipal division bank account. The city passed an ordinance to assess the \$2 surcharge in November 1980. Section 488.5336.2, RSMo, requires LET surcharge funds be used only for the training of law enforcement officers.

Conclusion

To ensure compliance with applicable state laws, separate funds and/or accounting of receipts and related disbursements associated with specific activities or restricted usage should be maintained.

1.6 Accrued costs

The Court Clerk does not periodically review accrued costs owed to the municipal division. The case management system tracks accrued costs and can produce a report of balances due; however, the Court Clerk does not print and review this report to identify cases needing additional collection efforts or are potentially uncollectible. As of November 8, 2017, accrued costs recorded in the case management system totaled \$38,653. However, based on a comparison performed between manual case records and the accrued costs report, the accuracy and completeness of the report is questionable. For example, 2 cases were dismissed by the Municipal Judge in January 2017, but the accrued costs report indicated a \$100 balance was due for each case.

Proper and timely monitoring of receivables is necessary to help ensure unpaid amounts are collected and proper follow-up action is taken for non-payment. In addition, proper monitoring is necessary to provide information to the Municipal Judge and to determine appropriate handling when amounts are deemed uncollectible.

1.7 Change fund

The municipal division change fund is not maintained at a constant amount. The Court Clerk was unable to tell us how much should be on hand and no records were maintained.

To safeguard against possible loss, theft, or misuse of funds, change funds should be maintained at a constant amount and the funds should be periodically counted and reconciled to the authorized balance.



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Recommendations

The City of Winona Municipal Division:

- 1.1 Segregate accounting duties or ensure documented independent or supervisory reviews of municipal division accounting and bank records are periodically performed.
- 1.2 Ensure receipt slips are issued for all monies received, account for the numerical sequence of receipt slips, reconcile manual receipt slips issued to the case management system, and deposit receipts timely. The Municipal Division should also work with the police department to document the transmittal of receipts to the municipal division and reconcile police department receipt slips to the transmittals.
- 1.3 Work with the city to prepare complete and accurate bank reconciliations, prepare and reconcile lists of liabilities monthly to the reconciled bank balances, and promptly investigate any differences. The Municipal Division should also work with the city to investigate unidentified balances in the old bank account, dispose of unclaimed and unidentified monies in accordance with state law, and close the account.
- 1.4 Work with the police department to ensure official prenumbered bond forms are issued, the numerical sequence of all bond forms is accounted for, a bond log is maintained to record all bonds received, and bond receipts are recorded and transmitted timely to the municipal division.
- 1.5 Work with the city to ensure surcharges collected for restricted purposes are adequately tracked or deposited into separate bank accounts and used for statutorily allowed purposes.
- 1.6 Establish procedures to routinely generate and review the accrued costs list, ensure proper follow up on amounts due, and provide information to, and work with, the Municipal Judge regarding amounts deemed uncollectible.
- 1.7 Maintain the change fund at a constant amount and periodically count and reconcile the monies on hand to the authorized balance.

Auditee's Response

The City of Winona Municipal Division provided the following responses:

- 1.1 *The City of Winona has terminated the former Court Clerk, the same individual that had also served as the City Clerk, and hired 2 separate individuals to serve as City Clerk and Court Clerk. The Court Clerk shall transfer all monies received by her to the City Clerk on a daily basis and each shall agree as to the amounts transferred*



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from the municipal division to the city. The City Clerk, as opposed to the Court Clerk, shall be responsible for disbursing fines, court costs, and other monies due to other individuals, including but not limited to restitution, recoupment, jail fees, etc., to those organizations or individuals to whom the amounts are owed. The municipal division has instituted a policy wherein the Court Clerk shall, using the installed case management system, prepare monthly reports for review by both the City of Winona's Board of Aldermen and the Municipal Judge indicating cases filed, resolution of those cases and fines, court costs, and other fees received by the municipal division.

- 1.2 The Court Clerk will issue prenumbered manual receipt slips for all monies received and account for the numerical sequence of receipt slips. The Court Clerk will also reconcile the manual receipt slips to the receipts recorded in the case management system. The city has implemented procedures to deposit receipts daily. The municipal division plans to move to a fully electronic receipting system in the future.*
- 1.3 The City Clerk and Court Clerk have begun, and shall continue, to work together to accurately reconcile the bank account statements for the city's municipal division bank account. The City Clerk and Court Clerk will also prepare and reconcile a list of liabilities monthly to the reconciled bank balances and investigate any differences. In addition, the city and municipal division shall work together to determine the appropriate receipts of the funds remaining in the old bank account and shall proceed to process the monies to the State Treasurer or other legally qualified recipient.*
- 1.4 The municipal division agrees to work with the police department.*
- 1.5 The municipal division agrees to work with the city.*
- 1.6 The Court Clerk is working to review and compare all files in the case management system to all the manual court files to ensure there is no conflict between the balances shown. In addition, the municipal division has instituted a policy wherein the Court Clerk shall print monthly balance due reports and provide copies for review to the Municipal Judge, City Clerk, and Mayor. The Court Clerk and Municipal Judge will work together to take action regarding amounts deemed uncollectible.*
- 1.7 The municipal division shall maintain a change fund of \$200 and will reconcile the monies on hand to the authorized balance daily.*



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The Police Chief provided the following responses:

- 1.2 *The police department has since the beginning of the audit implemented a "Document Receipt" policy, which makes all departments accountable for documents, money, and information transmitted between departments.*
- 1.4 *The police department has purchased a manual receipt slip book to receipt bonds and will reconcile the bond forms issued to receipt slips to account for the numerical sequence of receipt slips and bond forms. In addition, the police officers will record the receipt number and the corresponding case number from Crimestar on top of the bond forms. The police department has implemented the use of a transmittal log to document all bonds received and transmitted to the municipal division and will ensure bonds are transmitted timely.*

The City of Winona Board of Aldermen provided the following response:

- 1.5 *We have authorized the opening of 2 bank accounts for the biometric verification surcharges and the law enforcement training surcharges. Monies received from the municipal division for these surcharges will be deposited into the appropriate account and the use of monies will be monitored to ensure they are used for allowed purposes.*

2. Municipal Division Procedures

Municipal division procedures need improvement.

2.1 Case dispositions

The Municipal Judge does not always approve the final disposition of cases brought before the court or the fines handled through the Violation Bureau (VB). Additionally, the Municipal Judge's approval of amended and dismissed tickets is not always properly documented.

The Court Clerk records the case activity and final disposition of each case on the official docket sheets maintained manually in the case files and in the case management system. Our review of 60 tickets noted 46 (77 percent) of the related case files did not contain a completed manual case docket sheet signed by the Municipal Judge. In addition, the Court Clerk does not print the final docket that documents the case activity recorded in the system for the Municipal Judge's review and approval.

In addition, 7 of 10 (70 percent) amended tickets reviewed were approved using the Municipal Judge's signature stamp without subsequent approval as noted in section 2.2. The ability of the court clerks to amend and dismiss tickets without a documented review is a significant control weakness, and



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increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse of monies going undetected.

To ensure the proper disposition of all cases has been entered in the municipal division records, the Municipal Judge should sign the final docket of each case to indicate approval of the recorded disposition.

2.2 Signature stamp

Controls over the Municipal Judge's signature stamp are not sufficient. The Municipal Judge has authorized court clerks to apply his facsimile signature to warrants, summons notices, and agreements to amend or dismiss charges. Court clerks authorized to use the signature stamp do not initial to indicate use and there is no independent review of the documents stamped. As a result, the court clerks have the authority to process an entire case using the Municipal Judge's signature stamp without the Municipal Judge ever reviewing the case. During our review of various cases, we noted 22 cases had stamped documents and 19 (86 percent) of these cases did not have the user's initials documented or a subsequent documented approval of stamped documents.

To reduce the risk of misuse, access to the Municipal Judge's signature stamp should be limited and the use of the signature stamp on documents should be subsequently approved.

2.3 Municipal division records

Municipal division case records are not maintained in an accurate and complete manner. Case information is maintained for each defendant on docket sheets kept in manual case files as well as computerized docket sheets maintained in the case management system. The Judge records case activity and sentencing on the manual docket sheets for cases brought before the court and the Court Clerk enters the information into the case management system. We noted instances in which the information between the manual and electronic records did not always agree. In addition, the sentencing for each case is not always documented on the manual case docket sheet when multiple cases for a single defendant are brought before the court at the same time.

Supreme Court Operating Rule 4.08 requires municipal divisions to maintain a docket or backer sheet for each case. All information regarding the case should be documented including, but not limited to, a copy of the ticket, case number, defendant name, sentence, bond information, warrant information, and disposition of the case. Accurate recording of the case information is necessary to properly account for the municipal division's financial activity. Failure to implement adequate case entry procedures increases the risk that loss, theft, or misuse of funds will go undetected and that manual and/or electronic case files will contain errors.



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2.4 Ticket accountability

The police department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

Police officers are responsible for signing out their ticket books, entering tickets issued into the police department's electronic record system, and transmitting issued tickets to the municipal division for processing. The Assistant Court Clerk maintains tickets received from the police department to be reviewed by the Prosecuting Attorney. After the Prosecuting Attorney signs the tickets, the Court Clerk enters the information into the municipal division's case management system for processing. However, there are no procedures to account for the numerical sequence of all tickets issued, ensure the transmittal of all issued tickets to the municipal division, or document each ticket's disposition.

Neither the police department nor municipal division employees could locate 22 of 25 (88 percent) tickets we selected for review. The Police Chief indicated he believed most of the tickets were voided and would have been shredded after 6 months. However, no formal listing of voided tickets was retained. In addition, according to the police department's records, a ticket was issued to a member of the Court Clerk's family; however, this ticket could not be located at the municipal division and there was no documentation showing the Court Clerk entered the ticket into the municipal division's case management system for processing.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the police department and municipal division cannot ensure all tickets are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds.

2.5 Bond forfeitures

Adequate notice is not provided to defendants prior to bond forfeiture hearings as required by state law. The Municipal Judge orders bonds to be forfeited when a defendant fails to appear at a scheduled court date. However, the municipal division does not summon the defendant for a bond forfeiture hearing prior to executing the bond forfeiture order.

Section 544.640, RSMo, requires the court to enter an order of forfeiture if the defendant fails to appear in court as required. Supreme Court Operating Rule 37.26 requires the court to enter a judgment of default and execution if a forfeiture has been declared. The judgment of default and execution and notice of a scheduled hearing is required to be provided to each obligor by the clerk of the court.

2.6 Court automation fee

The municipal division has not reviewed and determined how to disburse Court Automation Fund (CAF) fees that were collected until late February



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2017, when collection of the fee was determined to be inappropriate and discontinued. The municipal division charged and collected court costs of \$7 for the CAF fee on all cases and deposited the fees into the city's bank accounts. The municipal division collected CAF fees totaling \$11,669 during the 3 years ended December 31, 2017. The municipal division had been collecting the CAF fee since at least 2013, when it implemented the case management system.

Since the municipal division cases were heard by a municipal judge and the municipal division had not implemented the statewide court automation system, the municipal division determined it should not be assessing this fee. The municipal division should determine the proper disposition of the CAF fees collected.

2.7 Violation Bureau schedule

The Municipal Judge has not issued a court order for the schedule of fines and court costs to be collected on tickets paid through the VB. We identified several different VB schedules with varying fines and court costs used by the municipal division and police department during the year ending December 31, 2016. Police officers typically provide a copy of the schedules of fines and court costs with the ticket issued to each defendant. Without court orders authorizing the schedules and no effective dates documented on the schedules, it was unclear when each schedule was in effect. In addition, the VB schedule used by the municipal division is not posted at the VB.

Supreme Court Rule No. 37.49(d), requires the Municipal Judge to establish a schedule of fines and court costs for each offense by court order and prominently post the established schedule at the VB.

Recommendations

The City of Winona Municipal Division:

- 2.1 Ensure the Municipal Judge signs all court dockets and reviews and approves all amended and dismissed tickets.
- 2.2 Establish procedures to adequately secure and control the use of the Municipal Judge's signature stamp, including requiring the user to initial the stamp and a subsequent review and approval of stamped documents.
- 2.3 Ensure the proper disposition of cases is documented in manual and electronic records and sufficient documentation is maintained to support all case actions.
- 2.4 Work with the police department to ensure the numerical sequence and ultimate disposition of all tickets (including voided tickets) are accounted for properly.



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- 2.5 Ensure bond forfeiture procedures are in accordance with state law and court operating rules.
- 2.6 Review the past handling of the CAF fees with the Office of State Courts Administrator and legal counsel to determine if any action should be taken.
- 2.7 Establish the Violation Bureau schedule by court order and prominently post the schedule at the Violation Bureau.

Auditee's Response

- 2.1 *The municipal division has instituted a policy wherein the Court Clerk shall keep separate those cases which are resolved through the municipal division's Violation Bureau to be reviewed and initialed by the Municipal Judge on a monthly basis. Additionally, any cases that are dismissed by the Prosecuting Attorney now, and shall continue to, have a dismissal document submitted by the Prosecuting Attorney filed in the case file. Further, any amendments made by the Prosecuting Attorney to charges filed with the municipal division shall be made by written amendment submitted by the Prosecuting Attorney. The Municipal Judge will sign dismissal and amendment documents and the written docket sheet. The written docket sheet accompanying the manual case file, and not the electronic docket, shall continue to be the official record of the municipal division.*
- 2.2 *Although the Municipal Judge does now, and has since October 2016, personally signed all general warrants, the municipal division has allowed the Court Clerk to maintain a copy of the Municipal Judge's signature stamp to execute specific warrants which are requested by the Prosecuting Attorney's office on a case by case occasion. The municipal division has implemented a policy that the Court Clerk is to place her initials beside the stamped signature when used and then present to the Municipal Judge for his review and initials on the following court date.*
- 2.3 *As provided in section 2.1 above, the written docket sheet shall be the official docket of the municipal division; however, the electronic docket in the case management system will be updated by the Court Clerk within 24 hours of a written docket entry to ensure both dockets agree. In addition, for instances in which a defendant has multiple cases and mirror docket entries are required for the cases, the Municipal Judge will ensure the mirror entries are recorded prior to his departure from court to ensure case activity is adequately recorded for each case.*
- 2.4 *The Prosecuting Attorney's office and the police department are currently implementing a policy wherein there will be an accounting*



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for all Uniform Traffic Tickets (UTT) from the issuance of said UTT books to the officers to the filing of the same with the municipal division and intervening voiding, non-filing, or dismissal that may occur prior to the filing of the UTT with the municipal division. The Prosecuting Attorney's office and the police department will each maintain logs to document the transmittal of tickets from one department to another and to document the reasoning for any voids, non-filings, or dismissals.

- 2.5 *It has been the position of the Municipal Judge that upon an individual posting a cash bond, as opposed to a third party surety bond, upon a warrant having been issued for the defendant's failure to appear at an arraignment when the individual had previously been personally summonsed by the court, and that the defendant had signed the bond paperwork acknowledging the bond hearing return date, time, and location and the possibility that the bond could be forfeited to the city upon his or her failure to appear and the defendant does indeed then fail to appear at the bond hearing, forfeiture of the bond to the city would be appropriate. However, per the Auditor's suggestions, the municipal division has implemented a policy that the individual shall be separately summonsed to the bond hearing prior to any forfeiture of a cash bond on a failure to appear at arraignment.*
- 2.6 *The municipal division and city are now seeking legal advice as to the proper disposition of the Court Automation Fees previously collected and anticipate the matter to be resolved by June 1, 2018.*
- 2.7 *The Municipal Judge had previously issued a General Order which had provided for a uniform VB schedule which had been delivered to the previous Court Clerk, but has not been able to be located within the offices of the municipal division. Therefore, the Municipal Judge shall execute a new General Order providing for the schedule of fines for purposes of the VB and ensure the General Order and schedule are prominently posted at the municipal division. The police department shall discontinue providing a schedule of the fines to individuals at the time a UTT is issued and instead shall inform the individuals that receive a UTT, which may be resolved through the VB, to contact the Court Clerk directly for the information. This will ensure the individual receives the most current information.*

3. Excess Revenues

The city does not have adequate support for its 2016 excess revenues calculation. The amounts reported by the city as general operating revenues were significantly overstated, resulting in no excess revenues owed to the Department of Revenue (DOR). However, our calculations resulted in excess revenues of at least \$21,987 owed to the DOR.



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The city's excess revenue calculation for the year ended December 31, 2016, indicated the city's 2016 revenues from traffic violations totaled \$71,472, while general operating revenues totaled \$2,275,468. Based on these amounts the percent of general operating revenues from traffic violation revenues was 3 percent, and no payment was necessary to the DOR for any excess revenues for the year ended December 31, 2016. However, our review of city accounting records indicated the total general operating revenue reported by the city for use in its excess revenue calculation was overstated by \$2,022,679. The city most likely included restricted revenues from utilities and law enforcement and capital improvement sales taxes in the general operating revenue amount reported. Restricted revenues should be excluded from general operating revenues used in the calculation of excess revenues. However, since the city did not maintain documentation of its calculation of the general operating revenue amount, we cannot determine the amounts included.

We determined total general operating revenues, using city accounting records, should have been \$252,789. In addition, a report from the case management system indicated court revenues for minor traffic violations totaled \$72,545. Based on these initial amounts, the percentage of general operating revenues from minor traffic violation revenues was 29 percent, which exceeds the 20 percent the city is allowed to retain. Based upon these initial amounts, the city should have remitted excess revenues totaling at least \$21,987 to the DOR for the year ended December 31, 2016. However, during our review of the minor traffic violation report used in the calculation above, we identified a large difference between total court revenues and court revenues from minor traffic violations. A significant amount of the difference could not readily be explained and some municipal ordinance violations were not included in the minor traffic violation report; therefore, the minor traffic violation report generated may not be accurate and complete. As a result, additional amounts may be owed to the DOR. The city performed a similar excess revenue calculation for the year ended December 31, 2015.

Effective January 1, 2016, Section 479.359, RSMo, requires cities to remit any revenues from fines, bond forfeitures, and court costs for minor traffic violations greater than 20 percent of general operating revenue to the Department of Revenue. Effective August 28, 2016, the calculation in Section 479.359, RSMo, was changed to also include fines, bond forfeitures, and court costs for municipal ordinance violations.

To ensure compliance with state law, city officials should determine if the amounts used in the calculations are accurate, recalculate the amount of excess revenues, and remit the proper amount to the state.



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Recommendation

The City of Winona Municipal Division ensure the minor traffic violation report includes municipal ordinance violations, work with the City of Winona Board of Aldermen to recalculate excess revenues for the year ended December 31, 2016, and make payment to the DOR. Adequate documentation of all calculations should be maintained.

Auditee's Response

The Municipal Division provided the following response:

We agree to work with the city.

The City of Winona Board of Aldermen provided the following response:

Due to the criminal investigation relating to the audit of the City of Winona, the City Prosecuting Attorney has determined the revenues owed for 2016 are still potentially subject to a criminal investigation. After the city audit report is received and the city is fully aware of the issues noted in the audit report, further actions will be taken to address the revenues owed for 2016. For 2017 and future calculations, the City Clerk will include all necessary requirements to accurately calculate excess revenues and maintain calculation documentation.

4. Electronic Data Security

Controls over municipal division computers are not sufficient. As a result, municipal division records are not adequately protected and are susceptible to unauthorized access or loss of data.

4.1 Passwords

The municipal division has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Court Clerk and the Assistant Court Clerk share the same user identification and password to access the municipal division software. In addition, the Court Clerk and Assistant Court Clerk are not required to change passwords periodically.

Passwords are necessary to authenticate access to computers. The security of computer user identification and passwords is dependent upon keeping them confidential and requiring users to enter their passwords when switching users. However, since passwords do not have to be periodically changed and are shared between employees, there is less assurance they are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique, confidential, contain a minimum number of characters, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Security controls

Security controls are not in place to lock computers after a specified number of incorrect logon attempts or after a certain period of inactivity.



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Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The City of Winona Municipal Division:

- 4.1 Require employees to maintain confidential passwords that must be periodically changed.
- 4.2 Ensure municipal division computers have security controls in place to lock each computer after a specified number of incorrect logon attempts and after a certain period of inactivity.

Auditee's Response

- 4.1 *The city has implemented a policy where all the computers are password protected and changed periodically. Each authorized user of the court computer program has individual user names and passwords.*
- 4.2 *The city has implemented a policy where all computers, after a specified time of inactivity, will go to a lock screen and a password will have to be entered to access the computer. The city plans to implement controls to lock each computer after a specified number of incorrect logon attempts.*

Thirty-Seventh Judicial Circuit

City of Winona Municipal Division

Organization and Statistical Information

The City of Winona Municipal Division is in the Thirty-Seventh Judicial Circuit, which consists of Carter, Howell, Oregon, and Shannon Counties. The Honorable David Evans 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. The municipal division does not utilize OSCA's statewide automated case management system known as JIS. Instead, the municipal division utilizes Summit, an automated case management system provided by Data Technologies, Inc., that has been approved for use in municipal divisions by the State Judicial Records Committee.

Personnel

At December 31, 2016, the municipal division employees were as follows:

| Title | Name |
|--------------------------|-----------------|
| Municipal Judge | William T. Hass |
| Court Clerk ¹ | Terri Denton |
| Assistant Court Clerk | Elisha Pierce |
| Prosecuting Attorney | Jodie Brumble |

¹ Terri Denton served as the Court Clerk until she was terminated in September 2017, and Tammy Kile was subsequently hired in November 2017.

Financial and Caseload Information

| | Year Ended December 31, 2016 |
|-----------------------|---------------------------------|
| Receipts | \$151,645 |
| Number of cases filed | 873 |

Court Costs, Surcharges, and Fees

| Type | Amount |
|--|----------|
| Court Costs (Clerk Fee) | \$ 12.00 |
| Crime Victims' Compensation | 7.50 |
| Law Enforcement Training | 2.00 |
| Peace Officer Standards and Training | 1.00 |
| Sheriff's Retirement | 3.00 |
| Court Automation ¹ | 7.00 |
| Inmate Security (Biometric Verification) | 2.00 |

¹ The municipal division stopped assessing the court automation fees in late February 2017.