

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

# Nicole Galloway, CPA

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Missouri State Auditor

Twenty-First Judicial Circuit  
City of Bel-Ridge  
Municipal Division

Report No. 2019-109

November 2019

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Twenty-First Judicial Circuit, City of Bel-Ridge Municipal Division

Accounting Controls and Procedures	Neither the Municipal Judge nor other city personnel independent of the cash custody and record-keeping functions provides an adequate independent or supervisory review of the work performed by the Court Clerk. Neither municipal division nor city personnel perform monthly reconciliations of the municipal division's bank account. Credit card payments received are not recorded timely in the Judicial Information System and are not reconciled to deposits on the bank statements or reports of credit card transactions. The Court Clerk does not account for the numerical sequence of bond forms issued or reconcile bond forms to the bond ledger. The Court Clerk does not periodically review accrued costs owed to the municipal division.
Municipal Division Procedures	The municipal division has not established procedures to periodically review the status of open items. The municipal division has not established adequate procedures to manage open cases. The Municipal Judge does not always document her approval of the final disposition of cases brought before the court or the fines handled through the violation bureau. The municipal division and the police department do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. The municipal division does not maintain case records in a complete manner.
Excess Revenues	The city did not timely prepare and submit the financial report addendum containing excess revenue calculations.

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

\*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-First Judicial Circuit

## City of Bel-Ridge Municipal Division

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## **NICOLE GALLOWAY, CPA** **Missouri State Auditor**

Presiding Judge  
Twenty-First Judicial Circuit  
and  
Municipal Judge  
and  
Honorable Mayor  
and  
Members of the Board of Aldermen  
Bel-Ridge, Missouri

We have audited certain operations of the City of Bel-Ridge Municipal Division of the Twenty-First 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, 2018. 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.

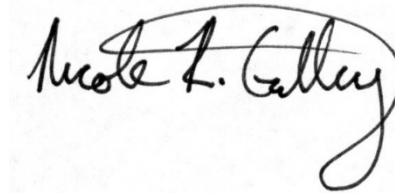
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that 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 Bel-Ridge Municipal Division of the Twenty-First Judicial Circuit.

A petition audit of the City of Bel-Ridge, 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 that reads "Nicole R. Galloway". The signature is written in a cursive style 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:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	John Lieser, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	Troy Tallman, CFE

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# Twenty-First Judicial Circuit

## City of Bel-Ridge Municipal Division

### Management Advisory Report - State Auditor's Findings

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#### **1. Accounting Controls and Procedures**

Accounting controls and procedures need improvement. During the year ended December 31, 2018, the municipal division collected \$309,965 in fines, court costs, and bonds.

##### 1.1 Oversight

Neither the Municipal Judge nor other city personnel independent of the cash custody and record-keeping functions provides an adequate independent or supervisory review of the work performed by the Court Clerk. Proper segregation of duties within the municipal division is not possible because the Court Clerk is the only full-time division employee.

Except for credit card payments posted to the Judicial Information System (JIS) by the city's Office Assistant and a review by a city Board member of checks written by the Court Clerk, the Court Clerk is responsible for all duties related to collecting court payments, recording and posting them to the JIS, and making deposits and disbursements. Additionally, the Court Clerk is responsible for posting manual case information, including case activity and the assessment of fines and court costs into the JIS, and preparing monthly financial reports. Also, bonds collected by the police department are transmitted to the Court Clerk for further processing.

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

##### 1.2 Bank reconciliations and liabilities

Neither municipal division nor city personnel perform monthly reconciliations of the municipal division's bank account. Upon our request to prepare a bank reconciliation and a list of liabilities, the Court Clerk produced an open items report from the JIS as of May 2, 2019, and the city's contracted accounting firm prepared a reconciliation of the court's bank account as of April 30, 2019. The reconciled bank account balance of \$121,883 exceeded the court's liabilities (open items) of \$108,631 by \$13,252. No one could explain why the difference occurred.

Missouri Supreme Court Operating Rule (COR) 4.59 states, "All bank balances and open items records shall be reconciled at least monthly." Bank reconciliations and reconciling liabilities to the reconciled bank balance are necessary to ensure all accounting records balance, transactions are properly recorded, liabilities are properly accounted for, and errors or discrepancies are detected and corrected timely. Various statutory provisions provide for the disposition of unidentified monies.

##### 1.3 Recording and reconciling

Controls and procedures for recording and reconciling payments received need improvement.



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Credit cards

Credit card payments received are not recorded timely in the JIS and are not reconciled to deposits on the bank statements or reports of credit card transactions. As a result, the municipal division does not have assurance all credit card payments received have been recorded and posted accurately and timely to the JIS. Credit card payments received totaled approximately \$112,000 for the year ended December 31, 2018.

For the 66 credit card receipts posted to the JIS from December 10, 2018, through December 17, 2018, 16 receipts totaling \$2,328 were posted to the JIS 14 days or more after receiving the payment including one transaction for \$100 posted more than 300 days after receipt. The Court Clerk periodically provides the Office Assistant with documents for cases with credit card payments for posting to the JIS. Additionally, one credit card receipt for \$74 was incorrectly posted in JIS on December 10, 2018, for \$85. The Office Assistant corrected the JIS entry after we notified her of the discrepancy.

Bonds

The Court Clerk does not account for the numerical sequence of bond forms issued or reconcile bond forms to the bond ledger. The police department records bond payments received on prenumbered bond forms and sequentially on a bond ledger, however, the Court Clerk does not account for the numerical sequence of the forms or reconcile them to the bond ledger upon preparing bank deposits.

Failure to implement adequate recording and reconciling procedures increases the risk that errors, loss, theft, or misuse of monies received will go undetected.

1.4 Accrued costs

The Court Clerk does not periodically review accrued costs owed to the municipal division. The JIS tracks accrued costs and can produce a report of balances due; however, the Court Clerk does not print and review this report to (1) ensure amounts owed agree to the case file or (2) identify possible errors or cases with potentially uncollectible balances. According to a JIS report we obtained from the Office of State Courts Administrator, as of April 22, 2019, the division had accrued costs totaling \$411,238 for 3,122 cases.

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.

Recommendations

The City of Bel-Ridge Municipal Division:

- 1.1 Ensure independent reviews are performed of accounting records and electronic case records.



## Auditee's Response

- 1.2 Perform monthly bank reconciliations and reconcile the list of liabilities to the reconciled bank balance. Any differences should be promptly investigated and resolved. After sufficient efforts are made to resolve differences, any money remaining unidentified should be disposed of in accordance with state law.
- 1.3 Ensure credit card transactions are recorded timely in the JIS and reconciled to the credit card transaction reports and deposits. In addition, the numerical sequence of bond forms should be accounted for and bond receipts reconciled to deposits.
- 1.4 Establish procedures to monitor accrued costs.
- 1.1 *Either the Office Assistant or the City Clerk will perform an independent reconciliation of the Court Clerk's receipts, deposits, and disbursements on a weekly basis.*
- 1.2 *We will have the city's contracted accounting firm prepare the municipal division's bank reconciliation each month and reconcile it to open items.*
- 1.3 *We will work on developing procedures to record credit card receipts timely. In addition, we will ensure credit card receipts and deposits are reviewed and reconciled by someone independent of the process. Further, we will also ensure the Court Clerk accounts for all bond forms prepared by the police department and reconcile the bond receipts to deposits.*
- 1.4 *We have begun reviewing cases with accrued costs, and we will establish procedures to ensure cases with accrued cost are reviewed periodically.*

## 2. Municipal Division Procedures

Municipal division procedures need improvement.

### 2.1 Review of open items

The municipal division has not established procedures to periodically review the status of open items. Upon our request, the municipal division produced an open items report from the JIS as of May 2, 2019, indicating the municipal division held \$88,810 for 373 cases with bonds in open items and open items/suspense accounts. The listing included 192 cases totaling \$39,249 with case disposition dates more than one year old, but only one of those cases appeared on a current court docket.

The failure to routinely review open items and apply, forfeit, or refund monies when appropriate increases the volume of cases requiring monitoring and





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deprives the state, city, or others the use of those monies. If refunding is appropriate, but proper payees cannot be located, the monies should be disposed of in accordance with state law.

## 2.2 Case management

The municipal division has not established adequate procedures to manage open cases. The Court Clerk issues a summons to a defendant to appear at the next court date when that defendant does not pay and does not appear at court. The case will appear on the next court docket until 3 summonses have been issued. The Municipal Judge then reviews the case to determine whether to issue an arrest warrant for the defendant, execute a show cause order, or other action. If a warrant is issued, the case is removed from the court docket. For 14 open cases tested from tickets issued in 2018 without payment activity, division personnel often did not issue summonses timely and did not issue warrants and none of the cases appeared on a current court docket. After we inquired about the cases, division personnel issued arrest warrants on 3 defendants.

Without procedures to ensure summonses and warrants are issued timely after defendants fail to appear, the court cannot be assured all cases are properly handled.

## 2.3 Case dispositions

The Municipal Judge does not always document her approval of the final disposition of cases brought before the court or the fines handled through the violation bureau.

The Court Clerk records the case activity and final disposition of each case in the JIS and on a manual backer sheet in the case file. For 6 of 14 closed cases tested the disposition was not noted on the backer sheet and only 1 backer sheet contained indication of the Municipal Judge's review and approval of the disposition. 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.

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

## 2.4 Ticket accountability

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

The police department issues both manual and electronic tickets. The police department maintains records to track manual ticket books assigned to each officer and a log of voided tickets, however, neither the police department nor the municipal division have procedures in place to account for the numerical sequence and ultimate disposition of all manual and electronic tickets issued.



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Our review of all ticket numbers entered into the JIS during the year ended December 31, 2018, identified approximately 1,300 unaccounted for tickets. Sequence gaps may occur because tickets have been voided or were issued before or after 2018. We selected 25 tickets within these sequence gaps for further review. Two of the tickets had been voided and 2 issued prior to 2018, but neither division nor police department personnel could locate the remaining 21 tickets.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the municipal division and police department 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 Case records

The municipal division does not maintain case records in a complete manner. The Court Clerk could not locate 20 manual case files requested during the audit with case filing dates ranging from March 2013 through September 2016. These files included 3 of 15 cases selected from the April 22, 2019, listing of cases with accrued costs and 17 of 25 cases selected from the May 2, 2019, listing of open items.

Supreme Court Operating Rule 4.03 requires municipal divisions to maintain all documents filed from initiation to final termination of the case and a docket or backer sheet for each case. Retention of applicable records is necessary to properly account for the municipal division's financial activity.

## Recommendations

The City of Bel-Ridge Municipal Division:

- 2.1 Routinely review the list of open items and disburse or dispose of monies as appropriate.
- 2.2 Ensure summonses and warrants are issued after defendants fail to appear at court.
- 2.3 Ensure the Municipal Judge reviews and approves the final disposition on all case files.
- 2.4 Work with the police department to ensure the numerical sequence and ultimate disposition of all tickets is accounted for properly.
- 2.5 Ensure necessary records are retained.

## Auditee's Response

- 2.1 *We have begun reviewing cases with open items, and we will establish procedures to ensure cases with open items are reviewed periodically.*



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- 2.2 *We will comply with existing case management procedures when the defendant fails to appear in court.*
- 2.3 *The Municipal Judge has begun approving amended tickets and will ensure all case files contain indication of her review and approval.*
- 2.4 *We have executed a memorandum of understanding with the police department that all voided, refused, and/or lost and damaged ticket numbers will be shared with the court.*
- 2.5 *We will continue to work to ensure old case records are located and organized.*

### 3. Excess Revenues

The city did not timely prepare and submit the financial report addendum containing excess revenue calculations.

Section 479.359, RSMo, requires cities to submit to the State Auditor's Office (SAO) an addendum to the city's annual financial report containing an accounting of annual general operating revenue, total revenues from fines, bond forfeitures, and court costs for municipal ordinance violations and minor traffic violations, and the percent of annual general operating revenue from fines, bond forfeitures, and court costs for municipal ordinance violations and minor traffic violations. Code of State Regulations, 15 CSR 40-3.170, requires the city to submit the addendum to the SAO within 6 months of the city's fiscal year end. The city's financial report and addendum for 2018 was due by June 30, 2019, but was filed with the SAO on September 12, 2019.

To ensure compliance with state law, the municipal division and the city should implement procedures to promptly prepare and submit the addendum annually to the SAO.

#### Recommendation

The Bel-Ridge Municipal Division work with the city to ensure the addendum is prepared annually and submitted to the SAO by the statutory due date.

#### Auditee's Response

*We have executed a memorandum of understanding with the city to ensure the addendum is filed pursuant to state regulation.*

# Twenty-First Judicial Circuit

## City of Bel-Ridge Municipal Division

### Organization and Statistical Information

The City of Bel-Ridge Municipal Division is in the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Gloria Clark Reno 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 utilizes OSCA's statewide automated case management system known as JIS.

#### Personnel

At December 31, 2018, the municipal division employees were as follows:

Title	Name
Municipal Judge	Felica Ezell Gillespie
Court Clerk	Chanell Harris
Prosecuting Attorney <sup>1</sup>	Sam Alton

<sup>1</sup> Keith Chung was appointed in April 2019 after Sam Alton resigned.

#### Financial and Caseload Information

	Year Ended December 31, 2018
Receipts	\$309,965
Number of cases filed	4,712

#### 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
Domestic Violence Shelter	2.00
Court Automation	7.00
Inmate Security (Biometric Verification)	2.00