



Claire McCaskill

Missouri State Auditor

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March 2005

# Thirty-Ninth Judicial Circuit

## Municipal Divisions

### Stone County, Missouri



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2005

The following audit report presents our findings and recommendations for certain municipal divisions of the Thirty-Ninth Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

<b>City of Crane</b>	pages 5-7
<b>City of Galena</b>	pages 7-11
<b>City of Reeds Spring</b>	pages 11-17

A separate report on the Kimberling City Municipal Division misappropriation, including recommendations, was issued by the State Auditor's Office on December 29, 2004.

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YELLOW SHEET

THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
STONE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Presiding Judge  
and  
Municipal Judges  
Thirty-Ninth Judicial Circuit

We have audited certain operations of the municipal divisions of the Thirty-Ninth Judicial Circuit in Stone County, Missouri. However, the municipal divisions of the cities of Branson West and Kimberling City are reported on separately. The scope of this audit included, but was not necessarily limited to, the municipal divisions' two years ended June 30, 2004, or December 31, 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal divisions, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of 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 significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Thirty-Ninth Judicial Circuit, Stone County, Missouri.



Claire McCaskill  
State Auditor

January 13, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
STONE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. City of Crane Municipal Division</b>
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The municipal division does not properly segregate duties, deposit timely, account for liabilities, and monitor accounts receivable. Additionally, amended tickets are not always signed by the prosecuting attorney and restitution is not always forwarded to the victims.

- A. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations of the composition of receipt slips issued to bank deposits.

- B. Our review noted the following concerns relating to receipts:

1. Monies collected by the municipal division are not deposited on a timely basis. Deposits are generally made once a week and average approximately \$1,000.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

2. Voided receipt slips are not always retained. To adequately account for all receipts, all copies of voided receipt slips should be retained.

- C. Listings of open items (liabilities) are not prepared and reconciled to the available cash balance. Monthly open-items listings should be prepared and reconciled to the bank accounts to ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities.

- D. The Prosecuting Attorney does not always initial or sign the traffic tickets to document his approval of amendments. To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign or initial all amended tickets, indicating his approval.
- E. The municipal division collects restitution payments and remits the payments to the victims; however, restitution monies totaling at least \$1,138 were included in the monthly disbursement of fines and costs to the city and have not been forwarded to the applicable victim. This money has been collected on behalf of the victims and by order of the court to pay restitution. City personnel were not aware they were holding the restitution money.

To ensure restitution is properly distributed to victims and to reduce the amount of open items to be accounted for, procedures for periodic reviews of the restitution cases should be established.

- F. The municipal division allows defendants to make partial payments on fines and court costs. The Court Clerk maintains the balance due information on individual ledger cards; however, a control ledger is not maintained showing the total amount due the court. As of September 2004, accounts receivable totaled approximately \$46,000.

Monthly or periodic listings of total accounts receivable are necessary to facilitate the monitoring of amounts due to the court, to provide information to the Municipal Judge, and to help maximize collections. These listings should be reconciled on a periodic basis to the individual accounts receivable records.

- G. The municipal division has not posted a formal schedule of fines and court costs to be collected on tickets paid through the Violations Bureau (VB). Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- H. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.

Conditions similar to A, C, D, and H were also noted in our prior report.

**WE RECOMMEND** the city of Crane Municipal Division:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
- B.1. Deposit receipts intact daily or when accumulated receipts exceed \$100.

2. Retain all copies of voided receipt slips.
- C. Prepare monthly listings of open items and reconcile these listings to the monies held in trust.
- D. Require the Prosecuting Attorney's signature on all amended tickets.
- E. Establish procedures to ensure restitution monies are properly disbursed to the appropriate parties.
- F. Maintain an accounts receivable control ledger and periodically reconcile this ledger to the individual accounts receivable records. A report of cases with delinquent payments and/or significant balances should be provided to the Municipal Judge regularly for review.
- G. Post a current schedule of fines and court costs at the VB.
- H. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.

**AUDITEE'S RESPONSE**

*The Municipal Judge provided the following response:*

*"As I would expect, there is no suggestion of financial impropriety and the suggestions made by your office appear to provide guidance and assistance to help ensure that our court continues to operate effectively with adequate safeguards to protect the money collected for the city.*

*"Your report notes that we have a new clerk in place. Now is an excellent time to implement changes in procedures to address the suggestions made. I am certain the city will direct the Court Clerk to install the suggested methods of accountability into the money handling process.*

*"I also note your concern as to the posting of a violation bureau schedule of bonds and fines. Please be advised that I created a new such listing several months ago and will follow up on the requirement that same be properly displayed."*

<b>2. City of Galena Municipal Division</b>
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Municipal division duties are not adequately segregated, and improvements are needed with receipting procedures, accounting for liabilities, and monitoring of accounts receivable. Additionally, adequate documentation is not maintained to account for all tickets issued, and court costs are not properly assessed and distributed in accordance with state law.

- A. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations of the composition of receipt slips issued to bank deposits.

- B. Until July 2004, the Court Clerk transmitted monies collected to the City Clerk for deposit into the city treasury. In July 2004, a municipal division bank account was opened. The receipt system and procedures need improvement as follows:

1. Recorded receipts are not reconciled to city transmittals or bank deposits. Two cash payments received in June 2004, totaling \$86, were placed in a locked safe and not deposited until our review in November 2004 noted that these recorded receipts had not been transmitted to the city or deposited into the court's bank account. Because reconciliations of recorded receipts to transmittals were not performed, the Court Clerk was unaware these monies were in the file cabinet and had not been transmitted to the city.

To ensure all receipts are accounted for and deposited intact, recorded receipts should be reconciled to city transmittals or bank deposits.

2. Court monies were not deposited on a timely basis. Significant time lags were noted between the date court receipt slips were issued and the subsequent deposit into the city/municipal division bank account.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

3. Checks and money orders received are not restrictively endorsed until the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Neither the police department nor the municipal division maintains records to account for traffic tickets assigned and issued, and their ultimate disposition. A log is not maintained to account for traffic tickets assigned to officers and traffic

tickets issued to violators. Of twenty-five tickets selected to review, five tickets (20 percent) could not be located by the court or the police department.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued are properly submitted to the court. A log listing the traffic ticket books assigned, each traffic ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- D. The municipal division allows defendants to pay fines and costs over a period of time. The Court Clerk maintains balance due information in each individual case file; however, a control ledger is not maintained showing the total amount due the court. According to a listing prepared by the Court Clerk upon our request, accounts receivable totaled approximately \$2,400 as of December 2004. Our review of this listing noted some individuals failed to appear in court and warrants had not been issued.

Monthly or periodic listings of total accounts receivable are necessary to facilitate the monitoring of amounts due to the court, to provide information to the Municipal Judge, and to help maximize collections. These listings should be reconciled on a periodic basis to the individual accounts receivable records.

- E. Listings of open items (liabilities) are not prepared and reconciled to the available cash balance. Monthly open-items listings should be prepared and reconciled to the cash balances to ensure amounts held in trust by the court are sufficient to meet liabilities.
- F. The City Prosecutor did not always sign traffic tickets to indicate his intention to prosecute the related charges. In addition, the Municipal Judge did not sign the court dockets after case dispositions had been recorded. To ensure all cases have been properly processed and the disposition of all cases has been properly authorized and documented, all tickets should be signed by the City Prosecutor and all court dockets should be signed by the Municipal Judge, respectively.
- G. A schedule which specifies the offenses which may be paid at the VB and the amount of fines and costs to be imposed for each offense has been formally established; however, this schedule of fines and costs has not been prominently posted at the VB. Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- H. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly

listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.

- I. The court did not assess and distribute court costs in accordance with state law as follows:
  1. The municipal division assesses court costs of \$18.50. Section 488.012.3, RSMo, limits court costs to \$12 for municipal court costs.
  2. The municipal division assesses a \$10 fine for each seat belt violation and also assesses \$28 in court costs and fees. Section 307.178.5, RSMo, states a fine not to exceed \$10 may be imposed and no court costs shall be imposed on any person for a seat belt law violation.
  3. The municipal division assesses and collects Crime Victims' Compensation (CVC) and Peace Officers Standards and Training Commission (POST) fees in accordance with state laws; however, some of these fees are not properly remitted to the state. The fees collected between March 2001 and June 2003 were not remitted to the state and only a portion of the fees collected between July 2003 and November 2004 were properly remitted to the state. At our request the Court Clerk reviewed court records and determined at least \$955 of CVC and \$134 of POST collections were due the state as of November 30, 2004. The court subsequently paid these fees in December 2004. Chapter 488, RSMo, provides that such fees shall be remitted to the state within 30 days from receipt.

**WE RECOMMEND** the city of Galena Municipal Division:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
- B.1. Reconcile recorded receipts to transmittals to the city or bank deposits.
  2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
  3. Restrictively endorse checks and money orders immediately upon receipt.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets.
- D. Maintain an accounts receivable control ledger and periodically reconcile this ledger to the individual case files. Also, the court needs to ensure proper follow up action is taken on all cases with balances due to the municipal division.

- E. Prepare monthly listings of open items and reconcile these listings to the monies held in trust.
- F. Ensure the City Prosecutor signs each ticket filed with the court and the Municipal Judge signs all court dockets.
- G. Post a current schedule of fines and court costs at the VB.
- H. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.
- I. Assess and distribute court costs in accordance with state law.

**AUDITEE'S RESPONSE**

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

- A. *We will provide copies of the financial records to the judge at each court date for his review.*
- B. *We have taken steps to implement this recommendation.*
- C. *In January 2005 a log was initiated to account for all tickets.*
- D-H. *We have implemented these recommendations.*
- I. *We have established a new schedule of fines and costs and amounts have been distributed.*

<b>3.</b>	<b>City of Kimberling City Municipal Division</b>
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During our audit of the Thirty-Ninth Judicial Circuit Municipal Divisions in Stone County, we became aware of discrepancies within the court records of the Kimberling City Municipal Division. A separate report issued by the State Auditor's Office on December 29, 2004, concluded that at least \$32,771 was misappropriated. Recommendations concerning internal controls and accounting records related to this misappropriation were included in that report and are not included in this report.

<b>4.</b>	<b>City of Reeds Spring Municipal Division</b>
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Municipal Division records were not properly maintained and many records could not be located. Controls over monies received are poor, resulting in approximately \$378 in unaccounted for cash receipts. Additionally, duties are not adequately segregated, bank

accounts are not properly reconciled, and amounts due to the court are not properly tracked.

- A. Procedures for maintaining municipal records need improvement. The Court Clerk had difficulty locating various municipal records, and case information related to some tickets was not complete. The receipt ledger for 2002 and several bank statements were never located. Also, the municipal division was unable to provide supporting documents indicating final disposition for eight of the 60 tickets we reviewed. Additionally, of the remaining 52 tickets, seven did not trace to a case file. Further, several instances were noted where receipt data included a handwritten note on the outside of the case file. Another instance was noted where a ticket was amended and an additional fine was paid over one year after the defendant plead guilty and paid for the original speeding offense; however, court records did not clearly document the reason for the untimely amendment. While the court has experienced significant employee turnover during the last few years, current conditions have not improved.

Periodic reviews of case files and/or the receipt ledger could have revealed these conditions more timely. Retention of accounting records is essential to establishing accountability for the court's financial activity. Case files must include all relevant information related to court cases, and they should be properly controlled and filed to ensure they are readily accessible when needed. Procedures for periodic reviews of the accounting records and case files should be established.

- B. Our review noted the following concerns relating to receipts:

1. Receipt slips are not issued for some fines, court costs, and bonds monies received. Receipt slips were not issued for monies totaling at least \$6,600 for the year ended December 31, 2003, and \$7,600 for the ten months ending October 31, 2004. Since receipt slips are not issued for all monies received by the municipal division, we could not determine the extent, if any, that monies were collected and not receipted or deposited. Also, our review noted numerous instances where receipt slips were issued at month end after monies had been deposited.

To adequately account for all receipts and ensure all receipts are deposited intact, receipt slips should be issued immediately for all monies received, and the numerical sequence of receipt slips should be accounted for properly.

2. Receipt slips issued are not reconciled to the bank deposits. Our review identified several instances where small amounts of recorded cash were not properly deposited. In one example a defendant paid \$142 by check but only \$122 was recorded on the receipt ledger and \$20 in recorded cash receipts was not deposited. We noted another instance where recorded

cash receipts were individually listed on the deposit slip; however, the amount of cash deposited was \$83 less than the amount recorded. There was no explanation for these discrepancies.

From our comparison of monies received to monies deposited between December 2003 and February 2004, we noted cash receipts totaling \$225 were apparently not deposited. Also, cash receipts totaling \$153 in December 2004 were recorded in the court's receipt ledger, but apparently not deposited. As a result, the court could not account for \$378 in cash receipts.

To provide assurance all monies have been properly accounted for and deposited, recorded receipts should be reconciled to the bank deposits.

3. Monies collected by the municipal division are not deposited on a timely basis. Deposits are generally made twice a week and average over \$600.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited into the city treasury daily or when accumulated receipts exceed \$100.

4. The method of payment received was not always recorded correctly on receipt slips. To ensure receipts are deposited intact, the method of payment (cash, check, or money order) should be correctly indicated on all receipt slips and the composition of receipt slips issued should be reconciled to the composition of bank deposits.
5. Voided receipt slips are not always retained. To adequately account for receipts, all copies of voided receipt slips should be retained.

- C. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations between receipts and deposits.

- D. Bank reconciliations are not prepared for the court's bank accounts. In addition, the current Court Clerk does not maintain a record of the bank account balance in the accounting records. A record of the bank account balance and monthly bank

reconciliations are necessary to ensure the accounts are in agreement with the accounting records and to detect errors on a timely basis.

- E. A ledger or listing of bonds received and disbursed has not been maintained by the court since August 2003. Also, a list of open items is not prepared monthly. As of October 2004, the bond bank account had an unidentified balance of \$1,025.

A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. In addition, a monthly listing of open items (liabilities) should be prepared and reconciled to the bond ledger and bond monies held by the court to ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities.

An attempt should be made to determine the proper disposition of these bond monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid to the city treasury as provided by Section 479.210, RSMo. For any bonds which remain unclaimed, Section 447.595, RSMo, requires bonds unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- F. The municipal division's bank account requires two signatures for all disbursements. A signature stamp of the Municipal Judge is sometimes used to sign checks by the Court Clerk who has custody of the stamp. The practice of using a signature stamp does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by multiple signatures.

- G. The municipal division allows defendants to make partial payments on fines and court costs. However, the court does not maintain adequate records to account for individual and total amounts owed to the court. According to the Court Clerk, as of November 2004, the municipal division's accounts receivable totaled \$11,004. Our review of the listing determined it was not complete, and upon our request the Court Clerk prepared a second listing which indicated accounts receivable totaled \$55,801. After we noted inaccuracies during our review of the second listing, a third listing was prepared upon our request which totaled \$31,014. Our review of this listing noted that some amounts were not in agreement with individual case files, the listing was incomplete, and some warrants were not properly placed on the Missouri Uniform Law Enforcement System (MULES). In addition, written or signed payment agreements were not always obtained.

Accounts receivable records, including written and signed payment agreements, are necessary to ensure proper follow-up action is taken and to facilitate monitoring of amounts due to the municipal division. Without an accurate and current listing of cases with balances due, the court cannot be assured procedures to follow-up on amounts owed to the municipal division are applied on a timely

basis. A written and signed payment agreement is necessary to indicate the intent of the defendant to pay fines and court costs.

- H. Neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition. The current police chief started a listing to account for traffic tickets assigned to officers in June 2004; however, the listing is not complete. Further, a log to account for traffic tickets issued to violators is not maintained.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued are properly submitted to the court. A log listing the traffic ticket books assigned, each traffic ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- I. The municipal division has not posted a formal schedule of fines and court costs to be collected on tickets paid through the Violations Bureau (VB). Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- J. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.
- K. The court did not forward some records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP). Section 302.225, RSMo, requires records of any plea or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance shall be forwarded to the MSHP within ten days of the conviction date.

Conditions similar to B.1, B.4, C, E, G, H, and J were also noted in our prior report.

**WE RECOMMEND** the city of Reeds Spring Municipal Division:

- A. Ensure periodic independent reviews of accounting records and case file information are performed.
- B.1. Issue receipt slips immediately for all monies received.

2. Investigate the \$378 in court receipts which could not be accounted for properly. In addition, the municipal division should ensure receipt slips issued are reconciled to bank deposits, and promptly investigate any discrepancies noted.
  3. Deposit receipts intact daily or when accumulated receipts exceed \$100.
  4. Ensure the method of payment is correctly indicated on all receipt slips issued, and reconcile total cash, checks, and money orders received to bank deposits.
  5. Retain all copies of voided receipt slips.
- C. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
  - D. Maintain a record of the bank account balance and reconcile this balance to the monthly bank statement.
  - E. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances. This ledger should be reconciled monthly to the balance of bonds held in trust. In addition, a listing of open items should be prepared monthly and reconciled to the ledger balance and the balance of bonds held by the court.
  - F. Discontinue the use of a signature stamp.
  - G. Prepare accurate monthly listings of accounts receivable to assist in collection efforts. In addition, the court needs to ensure all outstanding warrants are adequately posted and maintained on the MULES.
  - H. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets assigned and issued.
  - I. Post a current schedule of fines and court costs at the VB.
  - J. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.
  - K. Forward all records of convictions on traffic offenses to the MSHP as required by state law.

**AUDITEE'S RESPONSE**

*The Municipal Judge provided the following response:*

*"As your report notes, the City has had several individuals performing the duty of Court Clerk within the past two years. This many changes in employees has made for difficulty in training and continuity of procedures. I have confidence that our new Court Clerk will aggressively*

*address the concerns and recommendations made by your agency. In conferring with her regarding your suggestions, she advised the City has already directed her to implement the procedures and she has begun this process.*

*"I also note your concern as to the posting of a violation bureau schedule of bonds and fines. Please be advised that I created a new such listing several months ago and will follow up on the requirement that same be properly displayed."*

*The Court Clerk provided the following responses:*

- *"All of the court files are labeled in filing cabinets so that they are easier to find.*
- *"The receipts are issued before I receive the money in my hand, and before it goes into my box, I make sure that the paper trail has been correctly formatted.*
- *"All monies that the court receives, if it amounts to over \$60, are deposited that day. The method of payment is always recorded on the receipt, the front of file, and on my records.*
- *"I have formatted a spreadsheet to keep track of credits, debits, and the date the checkbook is balanced.*
- *"The bond account will be checked, and rechecked to attempt to find the missing names to the monies that are in that account. If the names are not found, then it will be turned over to Unclaimed Property.*
- *"On the back of the new payment plans there is a spreadsheet to keep track of payments, with a copy of the receipt in the files. I make sure there is always a copy of the receipt in the files.*
- *"I have also formatted a spreadsheet to keep track of the ticket books, as well as the officer it is issued to.*
- *"The fines and court costs are now posted at the front of the building on a brightly colored paper to be sure that people can see the amounts of the costs and fines.*
- *"All of the tickets that come into my court are put onto a database for daily ticket entries, and then automatically put into a manila folder with their name, offense, and case number. All of the tickets that need to be sent to MSHP are automatically filled out after payment and put into an envelope to be sent to MSHP straight after court."*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
STONE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the applicable municipal divisions of the Thirty-Ninth Judicial Circuit on findings in the Management Advisory Reports (MAR) of our prior audit reports (97-31 and 97-57) issued for the 2 years ended 1997 and 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

**THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
TWO YEARS ENDED 1996  
(Report No. 97-31)**

2. City of Crane Municipal Division

- A.1. Some receipt slips issued by the court did not indicate the method of payment received.
- 2. Receipts were not always deposited intact and cash was occasionally withheld from deposits to make refunds for overpayments.
- B. The duties of receiving, recording, depositing, and reconciling court receipts were not adequately segregated.
- C.1. Bond forms issued by the police department were not prenumbered.
- 2. The Court Clerk did not issue receipt slips for bond monies received, including bonds received from the police department.
- 3. The bond ledger maintained by the Court Clerk was not complete.
- 4. Listings of open items (liabilities) were not prepared.
- D. The Court Clerk did not prepare monthly reports of all cases heard in court.
- E. Neither the police department nor the court maintained adequate records to account for traffic tickets issued and their ultimate disposition.
- F. The City Prosecutor did not always sign traffic tickets to indicate his intention to prosecute the related charges.

- G. The disposition of some cases was not noted on the court dockets and the court dockets were not reviewed by the Municipal Judge after case dispositions were recorded.

Recommendations:

The city of Crane Municipal Division:

- A.1. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
2. Deposit receipts intact and discontinue making refunds in cash.
- B. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review or independent review of the court's receipts and deposit records and the bank reconciliations.
- C.1. Request the police department issue prenumbered bond forms or receipt slips for all bonds received and account for the numerical sequence.
2. Issue prenumbered receipt slips for all bond monies received by the court.
3. Maintain a complete bond ledger for all bonds received.
4. Prepare monthly listings of open items and reconcile these listings to the monies held in the bond bank account.
- D. Prepare monthly reports of court actions, including fines and costs collected, and file these with the city governing body in accordance with state law.
- E. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets.
- F. Ensure the City Prosecutor signs each ticket filed with the court.
- G. Document all case dispositions on the court docket and ensure the Municipal Judge reviews and approves the dockets.

Status:

A, C.2-3,  
E&G. Implemented.

B, C.4,  
D, F. Not implemented. See MAR finding number 1.

- C.1. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

**THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
TWO YEARS ENDED 1997 AND 1996  
(Report No. 97-57)**

6. City of Reeds Spring Municipal Division

- A. The duties of receiving, recording, depositing, and reconciling court receipts were not adequately segregated.
- B.1. Receipt slips were not issued for some monies received.
2. Receipt slips were issued out of numerical order, and voided receipt slips were not properly defaced and retained.
3. Receipt slips did not always indicate the method of payment received.
4. Police officers were allowed to collect court monies but were not bonded.
- C. Listings of open items (liabilities) were not prepared for the bond account.
- D. The court transmitted fines and court costs to the city approximately every six months and the amounts transmitted did not agree to total fines and court costs collected. At December 31, 1996, \$2,525 remained in the fines and court costs bank account which could not be identified to specific cases.
- E. The court allowed defendants to pay fines and court costs over a period of time and a control ledger to account for the balance due from each defendant was not maintained.
- F. Neither the police department nor the court maintained adequate records to account for traffic tickets issued and their ultimate disposition.
- G. The Court Clerk did not prepare monthly reports of all cases heard in court.
- H. The Municipal Judge did not always sign the court dockets after case dispositions had been recorded.

Recommendations:

The city of Reeds Spring Municipal Division:

- A. Adequately segregate the duties of receiving, recording, depositing, and reconciling court receipts. At a minimum, there should be a documented supervisory or independent review of the court's receipts and deposit records and the bank reconciliations.
- B.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
  - 2. Issue receipt slips in numerical order, and deface and retain all voided receipt slips.
  - 3. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
  - 4. Request the city obtain bond coverage for all individuals handling court monies.
- C. Prepare monthly listings of open items and reconcile these listings to the bond bank account.
- D. Transmit all fines and court costs monthly to the city, and attempt to identify all monies remaining in the fines and court costs bank account and transmit to the appropriate parties.
- E. Maintain a control ledger for all amounts due the court.
- F. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets.
- G. Prepare monthly reports of all court actions, including fines and court costs collected, and file these with the city governing body in accordance with state law.
- H. Require the Municipal Judge's signature on all court dockets.

Status:

A, B.1 &  
3, C,  
E, F  
&G. Not implemented. See MAR finding number 4.

B.4, D  
&H. Implemented.

B.2. Partially implemented. The court issues receipt slips in numerical order; however, voided receipt slips were not always properly retained. See MAR finding number 4.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

THIRTY-NINTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
STONE COUNTY, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

Organization

The Thirty-Ninth Judicial Circuit is composed of Barry, Lawrence, and Stone Counties. The Honorable J. Edward Sweeney serves as Presiding Judge. There are twenty municipal divisions within the Thirty-Ninth Judicial Circuit. Five of these divisions are in Stone County. The city of Branson West Municipal Division and Kimberling City Municipal Division are reported on separately.

The municipal divisions are governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. City of Crane

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and costs are deposited into the municipal division's fines and costs account. Fines and costs are disbursed to the city and state monthly. The city of Crane police department collects bond monies. The police department transmits bonds to the Court Clerk daily. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held twice a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge  
Court Clerk

Mark Rundel  
Donna Wise (1)

(1) Janette Wilson was appointed as Court Clerk in January 2005.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts	\$ 51,364	64,927
Number of cases filed	445	562

2. City of Galena

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, costs, and bonds were deposited directly into the city treasury by the City Clerk until July 2004 when the court opened a separate bank account. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	George Scott
Court Clerk	Nancy Barnhart

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$ 7,013	6,333
Number of cases filed	63	79

3. City of Reeds Spring

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and costs are deposited into the municipal division's fines and costs account. Fines and costs are disbursed to the city and state monthly. The city of Reeds Spring police department collected bond monies until June 2004 when the responsibility for bond collection was assigned to the Court Clerk. Prior to June 2004, the police department transmitted bonds collected to the Court Clerk daily. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held twice a month for the months of June through November, and once a month for the months of December through May. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

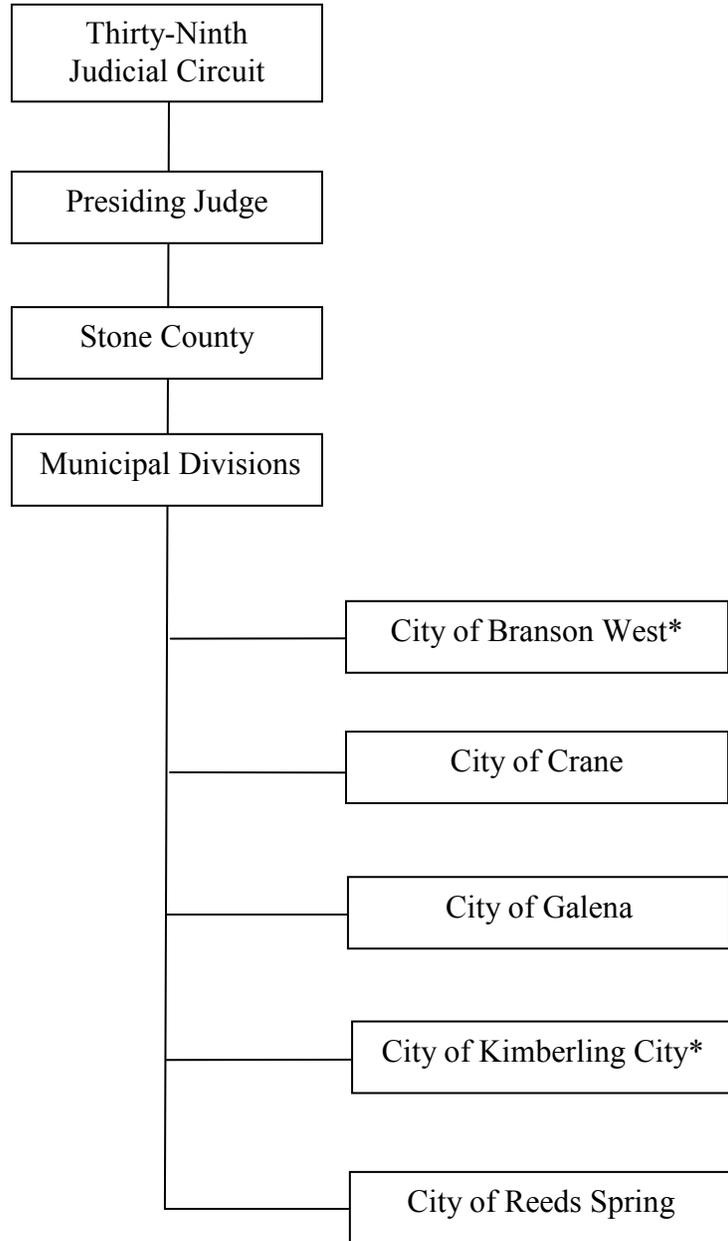
Municipal Judge	Mark Rundel
Court Clerk	Amanda Kohrs (1)

(1) Sandy Rakestraw served as Court Clerk from March 2004 to September 2004, Andrea Merritt served as Court Clerk from August 2003 to March 2004, Karen Miller served as Court Clerk from June 2003 to August 2003, and Barbara Wolven served as Court Clerk prior to June 2003.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$80,347	106,147
Number of tickets issued	975	1,200

THIRTY-NINTH JUDICIAL CIRCUIT  
ORGANIZATION CHART



\* Branson West and Kimberling City are reported on separately.