



Susan Montee, CPA

Missouri State Auditor

November 2007

Fourteenth Judicial Circuit

City of Glasgow, Missouri
Municipal Division



Office of
Missouri State Auditor
Susan Montee, CPA

November 2007

An audit was conducted by our office of the Fourteenth Judicial Circuit, city of Glasgow, Missouri Municipal Division.

The city of Glasgow Municipal Division is within the Fourteenth Judicial Circuit, which consists of Howard and Randolph counties. The Honorable Scott Hayes serves as Presiding Judge.

The Court Clerk/City Collector is responsible for receiving, recording, and depositing monies. As a result, the accounting and bookkeeping duties are not adequately segregated. While the City Clerk prepares disbursement checks and performs month-end bank reconciliations, no independent reconciliations of receipts and deposits are performed. In addition, the composition of receipt slips issued is not reconciled to the composition of bank deposits.

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YELLOW SHEET

FOURTEENTH JUDICIAL CIRCUIT
CITY OF GLASGOW, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Fourteenth Judicial Circuit
and
Municipal Judge
Glasgow, Missouri

We have audited certain operations of the city of Glasgow Municipal Division of the Fourteenth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended June 30, 2007. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Review certain receipts.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, 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 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 work for this audit was substantially completed by August 2007.

The accompanying History, 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 the audit of the division.

The accompanying Management Advisory Report presents our finding arising from our audit of the city of Glasgow Municipal Division of the Fourteenth Judicial Circuit.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randall Gordon, CPA, CGAP
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Terese Summers, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

FOURTEENTH JUDICIAL CIRCUIT
CITY OF GLASGOW, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

Accounting Controls and Procedures

Accounting and bookkeeping duties are not adequately segregated, and the composition of receipt slips issued is not reconciled to the composition of bank deposits.

- A. Accounting and bookkeeping duties are not adequately segregated and no independent reconciliations of receipts and deposits are performed. The Court Clerk/City Collector is responsible for receiving, recording, and depositing monies. While the City Clerk does prepare disbursement checks and perform month-end bank reconciliations, no independent reconciliations of receipts and deposits are performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, depositing, and recording monies. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited.

- B. The composition of receipt slips issued is not reconciled to the composition of bank deposits. Cash, checks, and money orders are accepted for payment of fines and court costs and monies are deposited into the city's bank account. Receipt slips issued by the municipal division indicate the method of payment received; however, a composition reconciliation is not performed.

To adequately account for collections and reduce the risk of loss or misuse of funds, the composition of collections should be reconciled to the composition of deposits.

WE RECOMMEND the city of Glasgow Municipal Division:

- A. Adequately segregate the duties of receiving, depositing, and recording monies. If proper segregation of duties cannot be achieved, at a minimum, there should be a periodic documented independent comparison of receipt slips issued to amounts deposited.
- B. Reconcile the composition of collections to the composition of deposits.

AUDITEE'S RESPONSE

The Municipal Judge, Court Clerk/City Collector, and the City Clerk provided the following responses:

- A. We are now implementing a procedure where the City Clerk initials all municipal court receipts issued to ensure that receipt slips compare to the amount deposited.*
- B. The receipt slips that we issue for municipal court are always noted if payment was cash, check, or money order. Utility receipt slips are also noted if they are paid in cash. We will implement a better procedure for smaller miscellaneous collections as to whether it was paid in cash, check, or money order. This will allow us to reconcile the composition of collections to the composition of deposits.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FOURTEENTH JUDICIAL CIRCUIT
CITY OF GLASGOW, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Glasgow Municipal Division is within the Fourteenth Judicial Circuit, which consists of Howard and Randolph counties. The Honorable Scott Hayes 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 (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 the municipal division are paid by the municipality.

Personnel

Municipal Judge	Ronald Schaefer
Court Clerk/City Collector	Debbi Haskamp
City Clerk	Elizabeth Atkinson*

* Stephanie Lewis served as City Clerk prior to January 2007.

Financial and Caseload Information

	Year Ended June 30,	
	2007	2006
Receipts	\$ 5,840	9,700
Number of cases filed	79	127