



Susan Montee, CPA
Missouri State Auditor

Fifteenth Judicial Circuit

City of Wellington Municipal Division

August 2008

Report No. 2008-51



auditor.mo.gov



Office of
Missouri State Auditor
Susan Montee, CPA

August 2008

An audit was conducted by our office of the Fifteenth Judicial Circuit, city of Wellington Municipal Division.

During the year ended June 30, 2007, 29 cases were filed in the Wellington Municipal Division and receipts totaled over \$3,900. The Municipal Division's controls, records, and procedures need improvement. Duties are not adequately segregated, receipt slips are not prepared when monies are received, and receipts are not deposited timely. Additionally, a monthly report is not filed with the city, some tickets are not signed or initialed by the Prosecuting Attorney, and written agreements are not obtained from individuals allowed to pay court costs and fines over time. Finally, a control ledger showing the total amounts owed by defendants is not maintained.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

FIFTEENTH JUDICIAL CIRCUIT
CITY OF WELLINGTON
MUNICIPAL DIVISION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS	4-7
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION	8-9

STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Fifteenth Judicial Circuit
and
Municipal Judge
Wellington, Missouri

We have audited certain operations of the city of Wellington Municipal Division of the Fifteenth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2007. The objectives of our audit were to:

1. Determine if the municipal division has adequate internal controls over significant financial functions such as receipts.
2. Determine if the municipal division has complied with certain legal provisions.

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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 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. 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 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 our audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Wellington Municipal Division of the Fifteenth Judicial Circuit.

A petition audit of the city of Wellington fulfilling our obligation under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Alice M. Fast, CPA
Audit Manager: Toni M. Crabtree, CPA
In-Charge Auditor: Lori Bryant

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FIFTEENTH JUDICIAL CIRCUIT
CITY OF WELLINGTON
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Accounting Controls, Records, and Procedures

The Municipal Division's controls, records, and procedures need improvement. Duties are not adequately segregated, receipt slips are not prepared when monies are received, and receipts are not deposited timely. Additionally, a monthly report is not filed with the city, some tickets are not signed or initialed by the Prosecuting Attorney, and written agreements are not obtained from individuals allowed to pay court costs and fines over time. Finally, a control ledger showing the total amounts owed by defendants is not maintained.

During the year ended June 30, 2007, 29 cases were filed in the Municipal Division and receipts totaled over \$3,900.

- A. The duties of receiving, recording, depositing, disbursing, 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 assurance 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 municipal court monies from recording receipts. In addition, the Missouri Municipal Clerk Manual provides that someone other than the person who issued the receipts or checks should review the accounting records to verify that the receipts and checks are issued in sequence and recorded on the cash control record. 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 receipts and deposits.

- B. Receipt slips are not prepared when monies are received. Generally, receipt slips are prepared on the court date and dated that date, regardless of when the monies were actually paid to the court. Also, a reconciliation between the composition of receipt slips issued and the monies deposited is not performed. We noted an instance when a receipt slip was not issued for a payment and another instance in which payments were received over a two month period; but were included on the same receipt slip.

To adequately account for collections and reduce the risk of loss or misuse of funds, receipt slips should be issued for all monies received immediately upon receipt. The receipt slip numbers should be accounted for and the composition should be reconciled to the bank deposits.

- C. Monies collected by the municipal division are not deposited on a timely basis. Usually, deposits are made more than a week after court is held. During the year ended June 30, 2007, the average deposit was \$488. In addition, one deposit, totaling \$280, was made more than four weeks after the court date.

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

- D. 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 the names of the defendant, fine imposed and the amount of court costs, to be verified by the Court Clerk or Municipal Judge and filed with the City Clerk.

- E. Traffic tickets were not always initialed or signed by the Prosecuting Attorney to indicate his review and/or approval.

Rule 23.01 (a) and Rule 19.08 of the Missouri Rules of Criminal Procedure provide the indictment or information for misdemeanors or felonies be in writing, signed by the prosecuting attorney, and filed in the court having jurisdiction of the offense and requires infractions to be subject to the same procedures as the prosecution of misdemeanors.

To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign or initial all tickets and summonses paid at or heard in court and all amended or nolle pros tickets, indicating his review and approval.

- F. The court allows defendants to pay fines and costs over a period of time; however, written or signed payment agreements are not obtained. A written and signed payment agreement is necessary to indicate the intent of the defendant to pay the fines and court costs and to aid in accounting for and collecting the amounts due to the court.

- G. A comprehensive control ledger showing the total amounts owed by defendants to the municipal division is not maintained. Defendants are allowed to pay fines and court costs over a period of time and the court clerk keeps track of payments in the case files. However, a control ledger indicating the total amount owed by all defendants is not maintained.

A complete and comprehensive control (or summary) ledger showing the total amounts owed by defendants and payments would allow the municipal division to properly monitor the amounts due and ensure deferred payments are processed correctly.

WE RECOMMEND the Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court monies to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, procedures for an adequate independent review of the record-keeping functions should be established.
- B. Issue receipt slips when monies are received. Additionally, the recorded receipts should be reconciled to the composition of deposits.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.
- E. Require the Prosecuting Attorney to sign all tickets and summons to show his review and approval.
- F. Obtain a written and signed payment agreement for those defendants which are allowed to pay fines and court costs over a period of time.
- G. Maintain a comprehensive control ledger of the amount owed by defendants to properly monitor the total amount due and ensure deferred payments are processed correctly.

AUDITEE'S RESPONSE

We agree with the recommendations and intend to have all of them implemented within 60 days.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FIFTEENTH JUDICIAL CIRCUIT
CITY OF WELLINGTON
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Wellington Municipal Division is in the Fifteenth Judicial Circuit, which consists of Lafayette and Saline Counties. The Honorable Dennis A. Rolf 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

At June 30, 2007, the municipal division employees were as follows:

Municipal Judge	William Piedimonte
Court Clerk	Kelly Logan

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$3,904	6,935
Number of cases filed	29	122