



Susan Montee, CPA
Missouri State Auditor

Thirty-Ninth Judicial Circuit

City of Monett Municipal Division

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Missouri State Auditor
Susan Montee, CPA

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An audit was conducted by our office of the Thirty-Ninth Judicial Circuit, city of Monett Municipal Division.

Better controls are needed over the municipal division's computerized receipting system and receipts are not deposited intact on a timely basis. Additionally, a comprehensive accounts receivable control report is not prepared to provide increased accountability and to facilitate monitoring of amounts due to the court.

Restitution monies need to be distributed to victims more timely, and the municipal division needs to improve follow-up procedures on old outstanding checks. Also, the police department does not maintain records to account for the numerical sequence of tickets issued, and the Municipal Judge does not always sign court dockets after case dispositions are recorded. The municipal division received over \$460,000 during the two years ended March 31, 2008.

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YELLOW SHEET

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF MONETT
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Thirty-Ninth Judicial Circuit
and
Municipal Judge
Monett, Missouri

We have audited certain operations of the city of Monett Municipal Division of the Thirty-Ninth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the two years ended March 31, 2008. 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 Monett Municipal Division of the Thirty-Ninth Judicial Circuit.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Alice M. Fast, CPA
Audit Manager: Donna Christian, CPA, CGFM
In-Charge Auditor: April McHaffie Lathrom, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF MONETT
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Municipal Division Controls and Procedures

Better controls are needed over the municipal division's computerized receipting system and receipts are not deposited intact on a timely basis. A comprehensive accounts receivable control report is not prepared and restitution monies need to be distributed more timely. Improvements are needed to follow-up on old outstanding checks and account for traffic tickets and appearance tickets. Also, the Municipal Judge does not always sign court dockets after case dispositions are recorded.

- A. The municipal division's computer system does not maintain a record of the actual date monies are received. The computerized receipting system allows the Court Clerk to enter the date of the business day and this date will be shown as the date of all receipts (regardless of the actual date the monies were received) until the Court Clerk closes out her cash drawer.

We noted instances where the Court Clerk kept the business day open in the accounting system for at least 12 days. This caused there to be instances where bond money transmitted from the police department to the court was recorded as received by the municipal division before the bond was ever posted at the police department. In one example, a defendant was arrested and posted a bond at the Police Department on August 25, 2007; however, according to municipal division records, the Court Clerk received the payment on August 24, 2007, one day before the bond was posted.

Allowing the Court Clerk to selectively enter the date monies are received is a significant computer control weakness, and the municipal division should consult with their computer programmer about improvements to the computer system. Additionally, holding the business day open for extended periods of time does not accurately reflect dates transactions occurred in the accounting system. An immediate record of receipt which reflects the actual date of receipt is necessary to properly document and account for all monies received. The municipal division should develop procedures to ensure the actual date of receipt is recorded for all monies.

- B Receipts are not deposited intact or on a timely basis. Our review identified receipts that were not recorded and deposited in the order received. For example, one cash bond transmitted from the Police Department on August 29, 2006, was not recorded by the Court Clerk until September 19, 2006, even though numerous other bonds totaling over \$4,000 were transmitted and recorded during this time

period. According to the Court Clerk some monies are held until the related ticket is received and entered into her computer system. Further, the Court Clerk cashed a personal check from official court receipts, and in another instance, court monies were held in cash by the Court Clerk until the monies were subsequently returned to the defendant.

Additionally, receipts are deposited approximately weekly. Deposit amounts ranged from \$1,300 to over \$8,800 during the months we reviewed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be recorded immediately upon receipt and deposited intact on a timely basis. The practice of cashing personal checks from municipal division receipts should be discontinued and all refunds should be made by check.

- C. The municipal division does not prepare a comprehensive accounts receivable control report. Individual case files and the municipal division's computerized software track balances due; however, summary information from the software is not regularly reviewed by the Municipal Judge to ensure amounts due are accurately reported and reasonable, and collection procedures are effective.

Upon our request, an accounts receivable listing was prepared by the Court Clerk which indicated approximately \$145,900 was due to the municipal division as of June 2008. We noted one case where the amount due on the computerized accounts receivable records differed slightly from the amount due recorded in the defendant's manual case file. An accurate comprehensive accounts receivable ledger is necessary to provide increased accountability and to facilitate monitoring of amounts due.

- D. Restitution monies received by the municipal division have not been distributed in a timely manner. The municipal division receives restitution payments from cases where the court has awarded a victim restitution and the monies are deposited into the municipal division's bank account. The restitution monies are usually held until all monies related to a case have been collected unless the victim requests a partial payout of the restitution collected.

Restitution monies totaling \$6,827 were being held in the municipal division's account at March 31, 2008. We noted one case where restitution totaling \$729 was paid in full in October 2006 and was not paid to the victim until April 2008. In another case, \$300 in restitution has been held since 1998 with the case showing no court activity.

The municipal division should establish procedures to monitor and distribute restitution monies to victims in a timely manner.

- E. The municipal division does not adequately follow-up on old outstanding checks. At March 31, 2008, there were six outstanding checks for the fine and cost

account totaling approximately \$1,400 and nine outstanding checks for the bond account totaling approximately \$180 which had been outstanding for more than one year. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- F. The Municipal Judge does not always sign court dockets after case dispositions are recorded. Instead, the Court Clerk maintains custody of the Municipal Judge's signature stamp which is used to stamp docket sheets and other court documents.

Using a signature stamp in this manner lessens the controls over having the Municipal Judge review the case docket and court documents and increases the risk of court cases being handled improperly.

- G. Improvements are needed to account for traffic tickets and appearance tickets (non-traffic violations). The police department does not maintain records to account for the numerical sequence of the tickets issued. The police department maintains a log of ticket books assigned to officers and then individual ticket information is entered into the police department's case software; however, records accounting for the numerical sequence of tickets issued are not maintained.

Without a proper accounting for the numerical sequence of tickets, the police department cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets.

WE RECOMMEND the city of Monett Municipal Division:

- A. Develop procedures to ensure the actual date of receipt is recorded for all monies received.
- B. Record all monies immediately upon receipt and deposit intact on a timely basis. In addition, the court should discontinue the practice of cashing personal checks from court receipts and make all refunds by check.
- C. Prepare an accurate comprehensive accounts receivable control ledger to properly account for and monitor amounts due to the court.
- D. Monitor and distribute restitution monies to victims in a timely manner.
- E. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks that are outstanding for a considerable time.
- F. Require the Municipal Judge to sign the court docket sheets and discontinue the use of a signature stamp for the Municipal Judge.

- G. Work with the police department to ensure records are maintained to account for the numerical sequence of all tickets issued.

AUDITEE'S RESPONSE

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

- A. *Better procedures are being implemented to assure monies are receipted on the actual date received; however, the court office is staffed by one person. In regards to the cited occurrences, if the court office is closed for vacation, training, illness, etc., money is not receipted in. Upon the clerk's return, the monies that were paid via U.S. mail service or deposited in the secure court payment drop, are receipted in using a previous date so as to not penalize the defendant for what would appear to be a late payment.*
- B. *Receipts are deposited as soon as time allows. We will work on making this occur in a more timely manner. There have been instances when a cash bond is received prior to the case being forwarded to the court. Therefore, a case has not been established to apply the bond to. This money is held in a secure location and is deposited upon the case being filed to aid in the cohesiveness of processing the bond with the appropriate assigned case number. A policy has been implemented to not cash personal checks. Refunds will continue to be paid with a court issued check.*
- C. *We are implementing a systematic, periodic comparison of the comprehensive report to the individual detail. Any case/defendant with a past due balance in excess of 30 days has been given the opportunity to appear in court to make arrangements to rectify this matter; however, if this has not occurred, an active failure to comply warrant has been issued.*
- D. *A better effort will be made in distributing restitution upon completion of payment. The Court elects to maintain the collected restitution money in whole and distribute one check in total rather than issuing numerous minimal sporadic checks.*
- E. *Old outstanding checks will be remitted to the Missouri State Treasurer's Unclaimed Property Division.*
- F. *We agree the Judge should physically sign every document. New procedures will eliminate the use of the signature stamp. If the Judge's signature stamp has been used, he has directed the clerk to due so.*
- G. *Each ticket book is assigned and logged to an officer. Procedures have been implemented to assure accountability for each ticket.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF MONETT
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Monett Municipal Division is in the Thirty-Ninth Judicial Circuit, which consists of Barry, Lawrence, and Stone Counties. The Honorable Robert S. Wiley 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 March 31, 2008, the municipal division employees were as follows:

Municipal Judge	Dale Burke
Court Clerk	Mechele Tharp

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Receipts	\$ 282,489	178,488
Number of cases filed	2,201	1,781