



Susan Montee, CPA  
Missouri State Auditor

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# Twenty-Fifth Judicial Circuit

## City of Rolla Municipal Division

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September 2008  
Report No. 2008-63



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Office of  
Missouri State Auditor  
Susan Montee, CPA

September 2008

An audit was conducted by our office of the Twenty-Fifth Judicial Circuit, city of Rolla Municipal Division.

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The municipal division needs to improve some accounting controls, records, and procedures. Bond forms are not prenumbered, old outstanding checks are not followed-up on a timely basis, there is limited action to collect delinquent accounts after a warrant is issued, and defendants are not required to sign a written agreement when fines and court costs are paid over time. In addition, the municipal division does not file a monthly report with the city of all cases heard in court as required by state law. Further, the municipal division and the police department do not adequately account for the numerical sequence and ultimate disposition of traffic tickets issued.

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YELLOW SHEET

TWENTY-FIFTH JUDICIAL CIRCUIT  
CITY OF ROLLA  
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

Presiding Judge  
Twenty-Fifth Judicial Circuit  
and  
Municipal Judge  
Rolla, Missouri

We have audited certain operations of the city of Rolla Municipal Division of the Twenty-Fifth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended September 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 Rolla Municipal Division of the Twenty-Fifth Judicial Circuit.

A petition audit of the city of Rolla, 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.



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:	Terri Erwin
Audit Staff:	Kim Magner

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

TWENTY-FIFTH JUDICIAL CIRCUIT  
CITY OF ROLLA  
MUNICIPAL DIVISION  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Accounting Controls, Records, and Procedures</b>
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The municipal division needs to improve some accounting controls, records, and procedures. Bond forms are not prenumbered, old outstanding checks are not followed-up on a timely basis, there is limited action to collect delinquent accounts after a warrant is issued, and defendants are not required to sign a written agreement when fines and court costs are paid over time. In addition, the municipal division does not file a monthly report with the city of all cases heard in court.

- A. Although prenumbered receipt slips are issued for bond monies, bond forms are not prenumbered. To reduce the risk of loss, theft, or misuse of bond monies, and to provide assurance that all bond monies are accounted for properly, prenumbered bond forms should be used and procedures to account for the numerical sequence of bond forms should be established.
- B. The municipal division did not follow-up on bond outstanding checks on a timely basis. At April 30, 2008, the division's bond bank account reconciliation showed three checks, totaling over \$400, were outstanding more than one year.

Old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to those payees who can be readily located. If payees cannot be located, these monies should be disposed of in accordance with state law.

Section 447.595, RSMo, requires bonds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- C. The municipal division needs to consider additional steps to collect delinquent accounts. Defendants are allowed to pay fines and court costs over a period of time, and a comprehensive control ledger showing the total amounts owed by defendants is maintained. Once the municipal division issues a warrant, the division takes limited action to collect the unpaid fines and court costs. According to court personnel, they periodically remove deceased individuals from the ledger.

On June 6, 2008, the control ledger showed cases, some dating back 15 years, with 453 defendants owing almost \$108,000. Over 390 of these defendants had either never made a payment or had not made a payment in the past year. These defendants owed \$93,925 or 87 percent of the total amount due.

Procedures should be instituted to periodically review the delinquent cases to determine the division's ability to collect these unpaid amounts. Old inactive case balances increase the volume of cases which must be monitored and controlled. In addition, timely follow-up action of amounts due to the division helps maximize revenues. The division should review those cases which are delinquent and take action to collect any amounts determined to be collectible.

- D. Defendants are not required to sign a written agreement stating they will pay all fines and court costs due to the court when the judge allows the defendant to pay at a later date. Although the judge makes a notation in the defendant's case file which states the total amount due, the payment amount, and the due date, the defendants should be required to sign an agreement to pay the amount due to ensure they are fully aware of their obligation.
- E. The Court Clerk does not file a monthly report with the city of all cases heard in court. The division's monthly report to the City Administrator only includes a list of the fines and court costs collected.

Section 479.080, RSMo, provides that all fines and court costs shall be paid to and deposited monthly into the city treasury, and requires the Court Clerk to prepare a monthly listing of all cases heard in court.

A monthly listing of all cases heard in court, including fines and court costs collected, should be prepared and verified by the clerk or judge, and filed with the City Administrator. This listing should indicate information such as the defendant's name, any fine imposed, the amount of court costs, and whether there was an application for a trial de novo (an application for a new trial before another judge).

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

- A. Along with the Police Department issue prenumbered bond forms for all bonds received and establish procedures to account for the numerical sequence of bond forms.
- B. Establish procedures to routinely follow-up on old outstanding checks. The Municipal Division should reissue the checks if the payees can be readily located or dispose of these monies in accordance with state law.
- C. Establish procedures to periodically review delinquent cases to determine the division's ability to collect these unpaid amounts, and take action to collect any amounts determined to be collectible.
- D. Require defendants to sign a written agreement specifying the amount they have been ordered to pay to the court.

- E. 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 and Court Clerk provided the following responses:*

A,B,  
&E. *These recommendations have been implemented.*

- C. *The Municipal Division has an aggressive, consistent procedure for collection of delinquent accounts. If a defendant fails to pay the full amount ordered by the court by the date ordered, the court issues a follow-up order requiring the defendant to reappear in court and show cause why the defendant should not be held in contempt for failure to pay. The court continues to monitor and require a defendant's personal appearance for nonpayment until the defendant pays in full the amount owed.*

*If the defendant fails to appear in court when ordered to do so, the court issues a warrant for the defendant's arrest. In addition, when permitted by law, the court places a hold upon the defendant's driver's license and further issues an order suspending the defendant's driver's license. The defendant is notified of the issuance of the warrant, the driver's license hold and driver's license suspension.*

*Collection efforts by the use of the above procedures have been highly successful. The collection rate of fines and costs of Rolla Municipal Court is in excess of 96 percent.*

*Some defendants are simply not going to be in a position to pay fines and costs ordered by the court, regardless of the collection procedures used. For example, some defendants are sentenced to prison on unrelated charges, and thus are unable to pay any amounts ordered by any court. By utilizing the above collection procedures, the number of defendants who fail to pay their fines and costs is minimized in comparison to the tens of thousand of defendants who pay their fines and costs in full. The court will continue to employ a firm and consistent collection policy for collection of fines and costs ordered by the court, and as in the past will be open to new procedures which become available for enforcing payment.*

- D. *Missouri Supreme Court rule 37.65 governs assessment of fines to be paid on an installment basis. The rule makes no provision for requiring defendants to sign a "written agreement stating they will pay all fines and court costs due the court." Rolla Municipal Court utilizes the same procedure as that used by most other courts in this and surrounding counties, which consists of providing the defendant written notification of*

*the fine schedule ordered by the court. If the fine is not timely paid, then the collection procedure previously described is used to enforce the court's order.*

**2.**

## **Ticket Accountability**

The municipal division and the police department do not adequately account for the numerical sequence and ultimate disposition of traffic tickets issued. The police department only tracks the ticket numbers assigned to each officer. After police officers return issued and voided tickets to their direct supervisor for review, the tickets are recorded in a computerized ticket log by issuing officer. However, these logs are not reviewed to ensure all tickets are accounted for, and the disposition of the tickets is not logged. In addition, it appears the computer system may have the capability of producing a report of all tickets issued; however, this feature is not being used.

Because there is no accounting for the numerical sequence or disposition of traffic tickets, missing tickets are not discovered. For example, two tickets written in February 2008, were not submitted to the court until June 2008. For both tickets, the scheduled court date was prior to the date the ticket was received by the court. As a result, these tickets were not placed on the proper court docket. Also, the applicable fees and court cost were not paid by the defendants. The division's procedure is to issue a summons to appear to any person who had not paid their fees and court costs on time. Because the division was not aware of these tickets, a summons to appear was not issued. Additionally, there were other instances when tickets were received and processed by the court, but were never recorded on the ticket log maintained by the Police Department.

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

**WE RECOMMEND** the Municipal Division work with the Police Department to implement the necessary procedures and records to account for the numerical sequence of all tickets issued and their ultimate disposition.

**AUDITEE'S RESPONSE**

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

*Section 300.575, Missouri Revised Statutes provides that the municipality shall provide books of uniform traffic tickets to the chief of police or his duly authorized agent. The statute then states as follows:*

*The chief of police shall be responsible for the issuance of such books to individual members of the police department. The chief of police shall require a written receipt for every book so issued and shall maintain a record of every such book and each set of citations contained therein.*

*The court has asked the police department to carefully account for each citation contained in all books of traffic tickets issued to the police department, and will provide all information requested by the police department in connection with its accounting procedures.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

TWENTH-FIFTH JUDICIAL CIRCUIT  
CITY OF ROLLA  
MUNICIPAL DIVISION  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Rolla Municipal Division is in the Twenty-Fifth Judicial Circuit, which consists of Maries, Phelps, Pulaski, and Texas Counties. The Honorable Mary Sheffield 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 September 30, 2007, the municipal division employees were as follows:

Municipal Judge	William E. Hickle
Court Clerk	Rita Duvall
Deputy Court Clerk	ReLauun Smith

Financial and Caseload Information

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$160,285	205,274
Number of cases filed	1,894	3,915
Overtime parking tickets issued	1,898	2,939