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Seventeenth Judicial Circuit

City of Garden City Municipal Division

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Missouri State Auditor

YELLOW SHEET

Findings in the audit of the Seventeenth Judicial Circuit, City of Garden City Municipal Division

Controls, Records, and Procedures

The municipal division's controls, records, and procedures need to be improved. Bond forms issued by the police department are not prenumbered. Receipt ledgers are not adequate for the court costs and fines account and bond account. Although a court docket is prepared, the docket does not include the violation date or the amount of assessed costs and the date paid. Also, the final disposition of each case is not consistently documented on court dockets or case files. The municipal division does not adequately account for the disbursement of municipal division monies. Check numbers are not identified in the check registry for the court costs and fines account. The numerical sequence of check numbers is not accounted for in either the court costs and fines account or the bond account. The outstanding docket, listing cases which appeared before the municipal division but still have unpaid court costs and fines, is not adequate. Also, monitoring and collection procedures related to accrued costs need to be established. Monthly lists of liabilities are not prepared and reconciled to the cash balances for the court costs and fines account and bond account. The municipal division's monthly report to the city council is not sufficient.

Traffic Tickets

Neither the police department nor the municipal division adequately account for the numerical sequence and ultimate disposition of traffic tickets issued. Not all traffic tickets are recorded in the police department's computer system, and some tickets are recorded incorrectly.

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Seventeenth Judicial Circuit

City of Garden City Municipal Division

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Presiding Judge
Seventeenth Judicial Circuit
and
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Garden City, Missouri

We have audited certain operations of the City of Garden City Municipal Division of the Seventeenth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2009. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions such as receipts.
2. Evaluate the municipal division's compliance 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 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 Garden City Municipal Division of the Seventeenth Judicial Circuit.

A petition audit of the City of Garden City, 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, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Toni M. Crabtree, CPA
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Seventeenth Judicial Circuit

City of Garden City Municipal Division

Management Advisory Report - State Auditor's Findings

1. Controls, Records, and Procedures

The municipal division's controls, records, and procedures need to be improved. Bond forms are not prenumbered, receipt ledgers are not adequate, court dockets do not reflect all relevant information, and the disbursement of court monies is not accounted for adequately. Also, accrued costs are not accounted for adequately, and monthly lists of liabilities are not prepared. In addition, monthly reports to the city are deficient.

The municipal division has two bank accounts: one for court costs and fines and one for bond monies. Separate accounting records are maintained for each account, such as receipt and disbursement ledgers and bank reconciliations.

1.1 Bond forms

Bond forms issued by the police department are not prenumbered. To reduce the risk of loss, theft, or misuse of bond monies, and to provide assurance all bond monies are accounted for properly and turned over to the municipal division, prenumbered bond forms should be issued and procedures to account for the numerical sequence of bond forms should be established.

1.2 Receipt ledgers

Receipt ledgers are not adequate for the court costs and fines account and bond account.

Although a prenumbered receipt slip is issued for court costs and fines received, the receipt slip number is not recorded on the receipt ledger. Also, the receipt date is not always recorded on the ledger, and the receipt slip number is not always posted to the case file. Bond monies are recorded on a bond ledger when received; however, the case number, method of payment, and defendant's full name is not recorded on the ledger. In addition, the receipt date was missing for some bond receipts.

The Missouri Municipal Court Clerk Manual requires prenumbered receipt slips for all payments received which include the date, case number, name of person making the payment, amount received, type of payment (cash, check, etc.), and initials of person receiving the payment. The manual also requires the receipt information including the receipt slip number be recorded on the ledger and the individual case file, to provide adequate supporting documentation and a proper audit trail.

1.3 Court dockets

A court docket, listing the cases scheduled to appear before the municipal division, is prepared; however, the docket is not complete. The docket does not include the violation date or the amount of assessed costs and the date paid. Also, the final disposition of each case is not consistently documented on court dockets or case files.

To ensure the proper disposition of all cases has been entered in the municipal division records, all relevant information including the ultimate disposition of each case should be recorded on the docket.



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1.4 Checks

The municipal division does not adequately account for the disbursement of municipal division monies. The check numbers are not identified in the check registry for disbursements from the court costs and fines account. Also, the numerical sequence of the check numbers is not accounted for in either the court costs and fines account or bond account. We noted breaks in the numerical sequence of the check numbers for both accounts.

Recording the check number and accounting for the numerical sequence of check numbers is necessary to ensure disbursements are accounted for properly.

1.5 Accrued costs

The outstanding docket, listing cases which appeared before the municipal division but still have unpaid court costs and fines, is not adequate. Also, monitoring procedures related to accrued costs need to be established. At June 11, 2009, the outstanding docket included 118 cases.

Although the municipal division periodically prepares an outstanding docket listing cases with accrued costs, the docket does not include the amount of unpaid court costs and fines. Thus, the municipal division is not able to readily determine the total monies due the division. Also, 61 other cases are not included on the docket. According to the Court Clerk, these cases were transferred to the municipal division from the county Associate Circuit Court when the division was established in 2004. The municipal division has not determined the accrued costs related to these cases.

Additionally, once the municipal division issues a warrant, the division takes limited action to collect the unpaid court costs and fines or recall the warrant when the court costs and fines are paid. For example, cases dating from 1999 are on the June 2009 warrant list, and no action has been taken to collect the unpaid costs and fines. In addition, several cases on the outstanding docket which should have been included on the June 2009 warrant list were not on the list. Although a warrant list is provided to the municipal division by the police department at the end of each month, the Court Clerk does not reconcile the outstanding docket to the warrant list.

A comprehensive list of cases with accrued costs, including the unpaid amounts, would allow the municipal division to more easily review the amounts due to the division and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the monitoring and collection of accrued costs may result in lost revenue.

1.6 Liabilities

Monthly lists of liabilities are not prepared and reconciled to the cash balances for the court costs and fines account and bond account. At June 30, 2009, the bank balances were \$1,512 and \$910, for the courts costs and fines account and bond account, respectively.



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Monthly lists of liabilities should be prepared and reconciled to the cash balances to ensure accounting records are in balance and sufficient funds are available.

1.7 City report

The municipal division's monthly report to the city council is not sufficient. The Court Clerk files a monthly report with the city that includes the total monies collected, broken down by type such as monies for fines and forfeitures, law enforcement training fees, etc. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly list of all cases heard before the municipal division, 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.

Recommendations

The City of Garden City Municipal Division:

- 1.1 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.
- 1.2 Ensure receipt ledgers and individual case files include all relevant receipt information including the receipt slip number, receipt date, case number, method of payment, and defendant's name.
- 1.3 Ensure all relevant information is entered on the court docket, including the ultimate disposition of every case heard before the municipal division
- 1.4 Ensure check numbers are properly recorded in disbursement records, and account for the numerical sequence of check numbers.
- 1.5 Maintain a comprehensive list of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- 1.6 Prepare monthly lists of liabilities for the court costs and fines account and bond account and reconcile to the applicable cash balances.
- 1.7 Prepare and file monthly reports of cases heard before the municipal division in accordance with state law.

Auditee's Response

The Municipal Judge, Court Clerk, and Garden City Chief of Police provided the following written responses:

- 1.1 *Bond forms are a 17th Judicial Circuit Court form and assigned a unique number when completed. The bond form is issued the same number as the citation or case, which is unique to that case only.*



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Using the case number as the reference ensures proper assignment of the bond to the case and reduces the possibility of clerical errors.

- 1.2 *When the State Auditor's Office was here in June, we corrected the receipt number issue, added the case number to the deposit slips and ensured that method of payment was marked on the citation file.*
- 1.3 *When the State Auditor's Office was here in June, we started adding information to the docket as was recommended.*
- 1.4 *When the State Auditor's Office was here in June, it was pointed out that one check number per month written from the Municipal Court Account was not written in the register. Even though a copy of the said check is kept on file, the number is again written in the register.*
- 1.5 *When the State Auditor's Office was here in June, the Deputy Court Clerk began working on a comprehensive list of accrued costs as an additional item to our dockets. This docket is reviewed monthly by the Municipal Court Judge.*
- 1.6 *When the State Auditor's Office was here in June, it was pointed out that even though the liabilities were paid the day after court each month, a listing of liabilities from citations paid in between court dates should be kept. This report will begin at the end of September 2009.*
- 1.7 *A monthly report of cases will be added to the existing monthly report of municipal court revenues.*

2. Traffic Tickets

The numerical sequence and ultimate disposition of traffic tickets needs to be accounted for properly. Additionally, not all tickets issued by the police department are recorded in a computer system.

2.1 Accountability

Neither the police department nor the municipal division adequately account for the numerical sequence and ultimate disposition of traffic tickets issued.

Although the police department records the ticket information in a computer system, the department does not periodically review the system to account for the numerical sequence and ultimate disposition of all tickets. Without a proper accounting of the numerical sequence and ultimate disposition of tickets issued, the municipal division and police department cannot be assured all tickets issued were properly submitted for processing.



2.2 Incomplete records

Not all traffic tickets are recorded in the police department's computer system, and some tickets are recorded incorrectly. We noted seven tickets were not recorded and eight tickets were recorded incorrectly. The police department should periodically review its system to ensure all tickets are recorded correctly in its system.

Recommendations

The City of Garden City Municipal Division along with the police department:

- 2.1 Ensure the numerical sequence and ultimate disposition of all traffic tickets issued is accounted for properly.
- 2.2 Ensure all traffic tickets are reported correctly in the department's computer system.

Auditee's Response

The Municipal Judge, Court Clerk, and Garden City Chief of Police provided the following written responses:

- 2.1 *Each individual ticket is entered in the local records management system when the ticket is issued. Three records are kept (two hard copy and one electronic) to ensure cross-reference with electronic files.*
- 2.2 *A review process has been implemented to review data entered in the records management system to ensure accurate and complete entry. Each entry is cross-referenced with hard copy files and ALL entries were recovered and accounted for.*

Seventeenth Judicial Circuit

City of Garden City Municipal Division

Organization and Statistical Information

The City of Garden City Municipal Division is in the Seventeenth Judicial Circuit, which consists of Cass and Johnson Counties. The Honorable Jacqueline A. Cook 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 in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At June 30, 2009, the municipal division employees were as follows:

Title	Name
Municipal Judge	Christopher Benjamin (1)
Court Clerk	Randall Jones (2)
Deputy Court Clerk	Bonnie Hyatt (3)

- (1) R. Michael Wagner served as Municipal Judge until his resignation in December 2008.
- (2) Randall Jones also serves as the City Clerk.
- (3) Bonnie Hyatt also serves as the Assistant City Clerk.

Financial and Caseload Information

	Year Ended June 30, 2009
Receipts	\$36,683
Number of cases filed	294