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Missouri State Auditor

Sixth Judicial Circuit

City of Tracy Municipal Division

August 2009

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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

August 2009

An audit was conducted by our office of the Sixth Judicial Circuit, City of Tracy Municipal Division.

Controls and procedures for the handling of municipal division records can be improved. Both of the checking accounts maintained by the municipal division, a bond account and a fee account, contain unidentified monies. At December 31, 2008, the bond account had an unidentified cash balance of \$1,751 and the fee account had an unidentified balance of \$97.

The Court Clerk does not file a monthly report with the city of all cases heard in court as required by state law. The municipal division allows defendants to pay fines and costs over a period of time; however, written and signed payment agreements are not obtained. In addition, a summary list of balances due the court is not regularly reviewed by the Municipal Judge to ensure amounts due are accurately reported and reasonable, and collection procedures are effective. Backup copies of computer programs and data are not stored at an offsite location.

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YELLOW SHEET

SIXTH JUDICIAL CIRCUIT
CITY OF TRACY
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

Presiding Judge
Sixth Judicial Circuit
and
Municipal Judge
Tracy, Missouri

We have audited certain operations of the City of Tracy Municipal Division of the Sixth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2008. 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 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 finding arising from our audit of the City of Tracy Municipal Division of the Sixth Judicial Circuit.



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: Robert E. Showers, CPA
In-Charge Auditor: Candi Copley

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SIXTH JUDICIAL CIRCUIT
CITY OF TRACY
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Municipal Division Controls and Procedures

Controls and procedures for the handling of municipal division records can be improved. The municipal division has not determined the disposition of unidentified monies held in the fee and bond accounts, and the municipal division does not file a report of cases as required by state law. Written agreements are not obtained from individuals allowed to pay court costs and fines over time, and computer backups are not maintained at an offsite location.

- A. Both of the checking accounts maintained by the municipal division, a bond account and a fee account, contain unidentified monies. While bank reconciliations for the bond and fee accounts are prepared and reconciled to lists of liabilities, at December 31, 2008, the total balance of the bond account was \$5,591 and open cash bonds per the list at December 31, 2008, were \$3,840, leaving an unidentified cash balance of \$1,751. Additionally, the fee account has an unidentified balance of \$97. The Court Clerk stated she is aware of the unidentified funds and has been attempting to identify these monies since her appointment in 2006.

The preparation of monthly lists of liabilities ensures accounting records are in balance and sufficient funds are available for the payment of liabilities. An attempt should be made to determine the proper disposition of unidentified monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid to the city treasury as provided by Section 479.210, RSMo. For any bonds which remain unclaimed, Section 447.595, RSMo, requires bonds unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- B. The Court Clerk does not file a monthly report with the city of all cases heard in court as required by state law. Section 479.080, RSMo, requires the Court Clerk to prepare a monthly list of all cases heard in court, including fines and court costs collected, to be verified by the clerk or Municipal Judge and filed with the City Clerk. This list 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).
- C. The municipal division allows defendants to pay fines and costs over a period of time; however, written and signed payment agreements are not obtained. In

addition, a summary list of balances due the court is not regularly reviewed by the Municipal Judge to ensure amounts due are accurately reported and reasonable, and collection procedures are effective. 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 municipal division.

- D. Backup copies of computer programs and data are not stored at an offsite location. Backup copies of computer information are necessary to provide a means for recreating destroyed data. These copies should be maintained and stored off-site to provide increased assurance municipal division data can be recreated.

WE RECOMMEND the City of Tracy Municipal Division:

- A. Investigate and resolve the unidentified balances in the bond and fee accounts. For those bonds for which the owner cannot be located, the unclaimed bonds should also be disposed of in accordance with state law. Fees should be distributed in accordance with state law.
- B. Prepare monthly reports of cases heard in the municipal division and file these reports with the city in accordance with state law.
- C. Obtain a written and signed payment agreement for those defendants who are allowed to pay fines and court costs over a period of time. Additionally, the Municipal Judge should regularly review the list of balances due the court.
- D. Ensure backup copies of computer programs and data are stored at a secure, off-site location.

AUDITEE'S RESPONSE

The Municipal Judge provided the following written response:

All recommendations have been reviewed and implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SIXTH JUDICIAL CIRCUIT
CITY OF TRACY
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Tracy Municipal Division is in the Sixth Judicial Circuit, which consists of Platte County. The Honorable Owens Lee Hull, Jr. 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.

Financial and Caseload Information

	<u>Year Ended December 31, 2008</u>
Receipts	\$72,090
Number of cases filed	628

Personnel

At December 31, 2008, the municipal division employees were as follows:

Municipal Judge	J. Gregory Dorsey
Court Clerk	Susan Crowley