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Missouri State Auditor

Twenty-Fourth Judicial Circuit

City of St. Mary Municipal Division

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Missouri State Auditor

YELLOW SHEET

Findings in the audit of the Twenty-Fourth Judicial Circuit, City of St. Mary Municipal Division

Segregation of Duties

Proper segregation of duties is not possible because the Court Clerk is the only employee of the City of St. Mary Municipal Division. In addition, there is no documented independent review of bank reconciliations or a comparison of receipts slips issued to amounts deposited. As a result, the Municipal Division cannot ensure all transactions are accounted for properly and assets are adequately safeguarded.

Computer Controls

Although a password is required to access the computer system, the password is not periodically changed to help ensure it remains known only to the assigned user and to reduce the risk of a compromised password. As a result, the municipal division's computer system and data are vulnerable to unauthorized use, modification, or destruction.

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Twenty-Fourth Judicial Circuit

City of St. Mary Municipal Division

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SUSAN MONTEE, JD, CPA
Missouri State Auditor

Presiding Judge
Twenty-Fourth Judicial Circuit
and
Municipal Judge
St. Mary, Missouri

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

A petition audit of the City of St. Mary, 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, CGFM, CIA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Joe Adrian

Twenty-Fourth Judicial Circuit
City of St. Mary Municipal Division
Management Advisory Report - State Auditor's Findings

1. Segregation of Duties

Proper segregation of duties is not possible because the Court Clerk is the only employee of the City of St. Mary Municipal Division. In addition, there is no documented independent review of bank reconciliations or a comparison of receipts slips issued to amounts deposited. As a result, the Municipal Division cannot ensure all transactions are accounted for properly and assets are adequately safeguarded. The Court Clerk performs the duties of receiving, recording, and depositing fines, court costs, and bond monies collected by the municipal division and prepares bank reconciliations. The Court Clerk also currently serves as the City Treasurer and Deputy City Clerk.

To safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded.

Recommendation

The City of St. Mary Municipal Division perform and document a periodic independent review of the municipal division's records. Any unusual items or discrepancies should be investigated.

Auditee's Response

The Judge and the Court Clerk provided the following written response:

The Court Clerk shall present a full report in writing to the Municipal Judge showing all receipts received for the month, all checks and copies of both checking accounts. Said report shall be dated and signed by both the judge and court clerk.

2. Computer Controls

Although a password is required to access the computer system, the password is not periodically changed to help ensure it remains known only to the assigned user and to reduce the risk of a compromised password. As a result, the municipal division's computer system and data are vulnerable to unauthorized use, modification, or destruction.

Recommendation

The City of St. Mary Municipal Division change passwords periodically.

Auditee's Response

The Judge and the Court Clerk provided the following written response:

The court clerk shall change passwords on the court's computer program periodically.

Twenty-Fourth Judicial Circuit

City of St. Mary Municipal Division

Organization and Statistical Information

The City of St. Mary Municipal Division is in the Twenty-Fourth Judicial Circuit, which consists of Madison, Ste. Genevieve, St. Francois, and Washington Counties. The Honorable Kenneth W. Pratte 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 September 30, 2009, the municipal division employees were as follows:

Title	Name
Municipal Judge	Suzanne Greminger
Court Clerk	JoAnn Donze

Financial and Caseload Information

	Year Ended September 30, 2009
Receipts	\$2,811
Number of cases filed	46