



**Thomas A. Schweich**  
Missouri State Auditor

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# Seventh Judicial Circuit

## City of Holt Municipal Division

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February 2011  
Report No. 2011-06



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**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Seventh Judicial Circuit, City of Holt Municipal Division

Segregation of Duties	Accounting duties are not segregated, and a documented supervisory review of accounting records is not performed, making it difficult to ensure transactions are properly recorded and assets are safeguarded.
Additional Comments	We evaluated the municipal division's internal controls over significant financial functions, including receipt and disbursement procedures, and its compliance with certain legal provisions, including rules governing fines, costs, and bonds. For the areas audited, no significant deficiencies, other than those noted above, were identified.

In the areas audited, the overall performance of this entity was **Fair**.\*

American Recovery and Reinvestment Act of 2009 (Federal Stimulus)	The Seventh Judicial Circuit, City of Holt Municipal Division did not receive any federal stimulus monies during the audited time period.
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\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Seventh Judicial Circuit  
City of Holt Municipal Division  
Table of Contents

---

State Auditor's Report 2

---

Management Advisory  
Report - State Auditor's  
Findings

1. Segregation of Duties .....4

---

Organization and Statistical  
Information 5

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# THOMAS A. SCHWEICH

## Missouri State Auditor

Presiding Judge  
Seventh Judicial Circuit  
and  
Municipal Judge  
Holt, Missouri

We have audited certain operations of the City of Holt Municipal Division of the Seventh Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended March 31, 2010. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
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. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also 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.

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.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our finding arising from our audit of the City of Holt Municipal Division of the Seventh Judicial Circuit.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Alice M. Fast, CPA, CGFM, CIA  
Audit Manager: Todd M. Schuler, CPA  
In-Charge Auditor: Richard Stuck

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Seventh Judicial Circuit  
City of Holt Municipal Division  
Management Advisory Report - State Auditor's Findings

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**1. Segregation of Duties**

Accounting duties are not segregated and a documented supervisory review of accounting records is not performed. Proper segregation of duties is not possible because the Court Clerk is the only employee of the municipal division. The Municipal Judge does not perform any review of the accounting records, such as a review of bank reconciliations or a comparison of receipts slips issued to amounts deposited. As a result, there is less assurance all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, an independent review of the work performed by the Court Clerk is necessary.

**Recommendation**

The City of Holt Municipal Division ensure a periodic independent review of the municipal division's records is performed and documented. Any unusual items or discrepancies should be investigated.

**Auditee's Response**

*The Court Clerk provided the following response:*

*I will discuss this recommendation with the Municipal Judge and we will determine the best way to implement oversight procedures.*

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# Seventh Judicial Circuit

## City of Holt Municipal Division

### Organization and Statistical Information

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The City of Holt Municipal Division is in the Seventh Judicial Circuit, which consists of Clay County. The Honorable Anthony Rex Gabbert 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 March 31, 2010, the municipal division employees were as follows:

Title	Name
Municipal Judge	William Shull
Court Clerk	Debbie Reeves

#### Financial and Caseload Information

	Year Ended March 31, 2010
Receipts	\$40,784
Number of cases filed	474

#### American Recovery and Reinvestment Act of 2009 (Federal Stimulus)

The Seventh Judicial Circuit, City of Holt Municipal Division, did not receive any federal stimulus monies during the year ended March 31, 2010.