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Missouri State Auditor

Thirtieth Judicial Circuit

City of Bolivar Municipal Division

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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirtieth Judicial Circuit, City of Bolivar Municipal Division

Accounting Controls and Procedures	Open bonds reported by the municipal division are not reconciled to bond liabilities reported by the city. As of November 15, 2012, the City Clerk had not reconciled city bank accounts or prepared city financial statements since February 2012. As of February 28, 2012, the city financial statements reported a bond liability of \$15,113 more than municipal division records. At audit staff request, the City Clerk reconciled city bank accounts and financial records with municipal division records and as of December 31, 2012, municipal division records showed \$275 more in open bonds than city financial records. Monthly court reports submitted to the state are not always complete and accurate, and amounts paid by the city to the state for court fees are not always reconciled to municipal division records to ensure accuracy. According to city financial statements at December 31, 2012, the city owed \$3,942 in restitution that had been received but not disbursed to victims, but municipal division records indicated all restitution had been disbursed.
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Police Department Procedures	Procedures over the collection of bond monies need improvement. Duties are not adequately segregated, bond amounts are not always collected in accordance with the bond schedule approved by the Judge, bonds are not always entered on the bond log, bond forms are not prenumbered, and officers collecting bond monies are not bonded. Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued.
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In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The Thirtieth Judicial Circuit, City of Bolivar 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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Thirtieth Judicial Circuit

City of Bolivar Municipal Division

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Thirtieth Judicial Circuit
and
Municipal Judge
Bolivar, Missouri

We have audited certain operations of the City of Bolivar Municipal Division of the Thirtieth 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 December 31, 2012. 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 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 findings arising from our audit of the City of Bolivar Municipal Division of the Thirtieth Judicial Circuit.

A petition audit of the City of Bolivar, 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.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T'.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Donna Christian, CPA, CGFM
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Thirtieth Judicial Circuit

City of Bolivar Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Municipal division bond liabilities are not reconciled to bond monies held by the city and information included on monthly reports submitted to the state is not always complete and accurate. Additionally, city financial statements report \$3,942 in restitution owed to victims; however, court records indicate all restitution has been paid.

Municipal division receipts are collected by city utility clerks and deposited in the city's general checking account. Bond monies are collected by police officers and transmitted to the city and also deposited into the city's general checking account where the monies are held until disposition. The Court Clerk is responsible for posting court payments to each defendant's case in the municipal division component of the city financial computer system.

1.1 Bond liabilities

The list of open bonds reported by the municipal division is not reconciled to the amount of bond liabilities reported by the city. Additionally, city records are not balanced timely further preventing this reconciliation from being performed.

As of November 15, 2012, the City Clerk had not reconciled city bank accounts or prepared city financial statements since February 2012. We compared the February 29, 2012, municipal division open bond list (\$5,196) to the city financial statement bond liability amount (\$20,309) and noted a difference of \$15,113. The City Clerk also maintains an itemized listing of bonds held by the city which totaled \$19,786 as of February 29, 2012, and does not agree with city financial statements or municipal division records. At our request the City Clerk reconciled city bank accounts and financial records with municipal division records and at December 31, 2012, bond monies reported as held by the city totaled \$12,164, while the municipal division reported open bonds totaling \$12,439, or a difference of \$275.

Monthly reconciliations between the open bonds maintained by the court and the open bonds reported by the city are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities.

1.2 Monthly reports and disbursements

Monthly court reports submitted to the state are not always complete and accurate and amounts paid to the state for court fees are not always reconciled to municipal division records to ensure accuracy.

- Total receipts were not always accurately reported on monthly reports. For example, the July 2012 Municipal Division Summary Reporting Form submitted to the Office of State Courts Administrator (OSCA) reported total court receipts as \$15,492, but the report submitted to the city reported total court receipts as \$15,742. Restitution of \$250 was not included in the report submitted to OSCA. Differences in total receipts were noted in several other months during 2012 ranging from \$10 to \$117.



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Management Advisory Report - State Auditor's Findings

- The amounts reported for the collection of the Law Enforcement Training fee (\$2 per case) and the Peace Officers Standards and Training Commission fee (\$1 per case) were transposed on reports submitted to OSCA. While the reports submitted to the city and amounts disbursed appear to be accurate, the Court Clerk believes a programming error must exist within the city's reporting system to cause the fees to be reported differently on the two monthly reports.
- The state portion of Crime Victim's Compensation (CVC) fees was not always accurately calculated each month and monthly remittance advices to the Missouri Department of Revenue for payment of CVC fees do not report the number of cases filed or the fee amount collected per case as required. The form only indicates the total amount paid. This other information was not completed on the remittance form because the amount paid represented a total obtained from the city's general ledger liability account and was not reflective of the municipal division's monthly activity. For example, the city disbursed \$520 to the state for January CVC fees; however \$748 should have been disbursed. The amount paid represented the amount posted to the city's general ledger liability account as of the date paid; however, additional January court activity was posted to the city's records after payment was made. In addition, in October 2012 the city paid \$909 to the state for CVC fees; however only 95 percent of this amount, or \$864, should have been paid.

To ensure monthly reports are accurate and amounts disbursed to the state are correct, the municipal division should reconcile amounts included on the various reports with amounts posted to city records and subsequently disbursed. Monthly reconciliations are necessary to ensure all accounting records balance, transactions are properly recorded, and any errors or discrepancies are detected on a timely basis.

1.3 Restitution

Court ordered restitution collected by the city and owed to victims is not reconciled to municipal division records.

According to city financial statements at December 31, 2012, the city owed \$3,942 in restitution that had been received but not disbursed to victims. According to municipal division records all restitution had been disbursed to victims and the city did not owe any restitution. Additionally, municipal division records report restitution collections of only \$942 during 2012 with this entire amount having been disbursed by the city. The City Clerk could not provide a listing showing to whom restitution was owed.

Monthly reconciliations between municipal division records and city records for restitution received and disbursed is necessary to ensure proper accountability over restitution payments and to ensure monies held in trust



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by the city are sufficient to meet liabilities and amounts owed to victims are properly paid.

Recommendations

The City of Bolivar Municipal Division:

- 1.1 Work with the city to reconcile monthly lists of open bonds to the amount of bonds held in the city's bank account. Any discrepancies should be investigated and resolved in a timely manner.
- 1.2 Work with the city to reconcile amounts included on monthly municipal division reports with amounts disbursed by the city. Additionally, remittance advices should include all required information.
- 1.3 Work with the city to reconcile restitution received and disbursed each month and determine to whom the \$3,942 is owed. Any discrepancies should be investigated and resolved in a timely manner.

Auditee's Response

The Municipal Judge provided the following written responses:

- 1.1 *Under Bolivar Municipal Court Operating Order (BMCOO) (adopted 08-28-10) Section V paragraph B, guidelines have been provided for the reconciliation of bond monies. All associated activity is recorded in the Court files using the Court Administration software program Incode. The Court Clerk applies all receipts and gives dispositional directives accordingly. All directives and subsequent reconciliation of funds and financials is facilitated by the City Clerk according to adopted City guidelines and BMCOO Section VIII paragraph A which requires the reconciliation of bank statements, independent of the court. Any noncompliance with this order by the City Clerk is due to inadvertent clerical error. At present, the City Clerk is performing according to BMCOO and will continue such in the future.*
- 1.2 *Under Bolivar Municipal Court Operating Order (adopted 08-28-10) Section III paragraph C, guidelines have been provided for the reporting of information to the State. The Court Clerk is responsible for the accurate reporting of pertinent data by the 15th day of each month. Due to necessary separation of duties regarding the receipt of funds, the City guidelines and BMCOO Section VIII paragraph G, sets receipt of funds functions with a financial officer directed by the City Clerk. This function requires the Court Clerk to adjust the timing of State reporting. If the submission of data occurs before the last function of the financial officer, there is the risk of associated error. The Court Clerk has subsequently adopted an additional*



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procedure of review to eliminate the errors associated with premature transmission of data.

- 1.3 *Under Bolivar Municipal Court Operating Order (adopted 08-28-10) Section III paragraph A, guidelines have been provided for the dissemination of information to the City Clerk each month regarding the previous month's activities. The Court Clerk is responsible for the accurate submission of such data into the court accounting software program Incode. Restitution orders are entered into the court accounting program upon disposition of the case and order of the court. Any subsequent receipt of restitution funds is done according to same receipt of funds guideline of any other disposition as per city guidelines and BMCOO Section VIII separation of duties. The balance of accounts in the Municipal Court Division restitution records are accurate. In order to rectify the differing City Clerk balances, the Court Clerk will meet monthly with the City Clerk to reconcile balances. Any failure to reconcile financial detail by the City Clerk under BMCOO Section VIII A is due to inadvertent clerical error. At present, the City Clerk is performing according to BMCOO and will continue such in the future.*

2. Police Department Procedures

Police Department bond collection procedures need improvement, and procedures are not adequate to account for the numerical sequence and ultimate disposition of all tickets issued.

2.1 Bond procedures

Procedures over the collection of bond monies need improvement. According to Police Department records, bonds totaling approximately \$31,400 were transmitted to the city during the year ended December 31, 2012.

Duties related to the collection of bonds are not adequately segregated. Police officers who issue tickets and make arrests also collect bond monies. Additionally, bond amounts are not always collected in accordance with the bond schedule approved by the Judge. Our review of 29 bonds totaling \$5,516 collected during April and May 2012 identified a \$250 bond was collected for a domestic assault charge although the bond schedule indicates \$300 should have been collected. Also, although the bond schedule requires the collection of a bond or a 24 hour hold of the defendant for multiple charges such as resisting arrest and stealing, we noted instances where neither requirement (collection of bond or 24 hour hold) was met when tickets were issued for such charges. Further, bonds received are not always entered on the bond log maintained by the Police Department, and bond forms used by the Police Department are not prenumbered. During April and May 2012, 3 of the 29 cash bonds receipted by police officers were not



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listed on the bond log. Finally, police officers who collect bond monies are not bonded by the city.

To ensure proper accounting for bond monies, duties should be adequately segregated, bond amounts should be collected in accordance with the approved bond schedule, prenumbered bond forms should be issued for all bonds received and all bonds collected should be recorded on the bond log. Adequate bonding of persons with access to funds is necessary to reduce the risk of loss if funds are mishandled.

2.2 Ticket controls and accountability

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued.

The Police Department tracks ticket book numbers assigned to each officer on a log and each officer is responsible for entering tickets issued into a law enforcement records management system; however, our review identified numerous instances where officers failed to enter information on tickets issued into the law enforcement records management system. The municipal division tracks the tickets forwarded to the court for processing; but not those tickets that are voided, warnings, or not prosecuted and therefore requiring no court action.

City of Bolivar Municipal Court Operating Order Number 1, Section VIII(D) requires the Court to work jointly with the Police Department to account for all traffic tickets in numerical sequence and maintain a record of the disposition of all tickets assigned and issued by the Police Department. Without a proper accounting for the numerical sequence and ultimate disposition of tickets issued, the Police Department and the municipal division cannot be assured all tickets issued are properly submitted for processing.

Recommendations

The City of Bolivar Municipal Division:

- 2.1 Work with the Police Department to ensure duties are adequately segregated, bond amounts are collected in accordance with the approved bond schedule, bond forms are prenumbered and accounted for properly, and all bonds are properly recorded on the Police Department bond log. Additionally, bond coverage should be obtained for all employees with access to municipal division monies.
- 2.2 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly and all tickets are received by the court for proper disposition.



Auditee's Response

The Municipal Judge provided the following written responses:

- 2.1 *Under Bolivar Municipal Court Operating Order (adopted 08-28-10) Section V paragraph B, guidelines have been provided for the use and collection of bond monies. The Court has submitted a bond schedule for use by police officers, in addition the Police Chief Administrative Assistant uses city guidelines for reconciling collected monies to the bond. Such guidelines include a second witness to the counting of monies and bond reconciliation. The receipts and copies of the bonds are provided to the Court Clerk and the City Clerk. Due to budget limitations on available city personnel on any given 24 hour period, it is not always possible to have personnel available to collect a bond other than the arresting officer. The court will discuss the issue of bonding officers who collect such funds. The court has also initiated a numbering system for bond forms. Regarding failures by police officers to comply with BMCOO or city guidelines regarding assessment of bond, due to the fact that such instances are only determined by review of the police report, and the court is ethically not permitted to review such reports during or prior to disposition, there is no way to scrutinize such instances. At any period, however, this does not suggest that changes in bond policy cannot be made based on individual circumstances with prior authorization of the court.*

- 2.2 *Under Bolivar Municipal Court Operating Order (adopted 08-28-10) Section III, guidelines for the reporting of case dispositions have been established. Case dispositions are reported monthly to the City of Bolivar, daily to the Department of Revenue, monthly to the Office of State Courts Administrator, and monthly to the Presiding Circuit Judge. Also, BMCOO Section VIII paragraph D requires the Clerk of the Court and the Police Department to account for all tickets in numerical sequence. Any failure to comply with this order is due to inadvertent clerical error. As of today, all ticket sequences have been reconciled. In addition, the Police Chief Administrative Assistant submits a monthly MULES report to the Court Clerk and the list is reconciled to the records of the Court Clerk.*

Thirtieth Judicial Circuit

City of Bolivar Municipal Division

Organization and Statistical Information

The City of Bolivar Municipal Division is in the Thirtieth Judicial Circuit, which consists of Benton, Dallas, Hickory, Polk and Webster Counties. The Honorable John W. Sims 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 December 31, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	Randolph Blosch
Court Clerk	Misty D. Greig

Financial and Caseload Information

	Year Ended December 31, 2012
Receipts	\$181,338
Number of cases filed	3,495

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The City of Bolivar Municipal Division did not receive any federal stimulus monies during the year ended December 31, 2012.