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FOLLOW-UP REPORT ON AUDIT FINDINGS

Nineteenth Judicial Circuit

Cole County Civil and Criminal Divisions



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Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions

Follow-Up Report on Audit Findings

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*Includes selected findings



THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Nineteenth Judicial Circuit
Cole County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2012-30, *Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions*, issued in April 2012, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the court about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the court, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed documentation provided by court officials, and discussed the status of significant findings and any corrective action taken regarding our audit findings with relevant court officials. Documentation included a report from the Circuit Clerk on the status of recommendations, copies of new court financial procedures, receipt books, and copies of daily and monthly financial reports from May and June 2012. This report is a summary of the results of this follow-up work, which was substantially completed during July 2012.

Thomas A. Schweich
State Auditor

Nineteenth Judicial Circuit, Cole County, Civil and Criminal Divisions

Follow-Up Report on Prior Audit Findings

Status of Findings

Circuit Clerk	Brenda A. Umstattd was Circuit Clerk of the Nineteenth Judicial Circuit during the audit period, January 1, 2009, through June 30, 2011. She resigned on April 18, 2012. A successor, Marilue E. Hemmel, was appointed as Circuit Clerk and sworn into office effective May 2, 2012. The current Circuit Clerk has taken steps to address the audit recommendations as discussed in the remainder of this report.
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1. Missing Funds	Between April 1, 2010, and June 30, 2011, Circuit Court Criminal Division receipts totaling at least \$14,669 were received but not deposited. In June 2011, court officials identified discrepancies in the criminal division's collection of some monies. The Circuit Clerk and Presiding Judge contacted the Office of State Courts Administrator (OSCA) and the Missouri State Highway Patrol (MSHP) to investigate possible missing monies. In July 2011, the Presiding Judge and Circuit Clerk also contacted the State Auditor's office, and the Presiding Judge requested an audit of circuit court criminal and civil division operations.
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Court personnel, the OSCA, and the MSHP reviewed transactions related to various cases and determined \$13,845 was received but not deposited. The State Auditor's office later determined an additional \$824 was received but not deposited. The court clerk and court clerk supervisor primarily responsible for the cases in which problems were identified were terminated on July 1 and July 5, 2011, respectively. The court clerk was reinstated effective September 16, 2011. In December 2011, both individuals were charged with one count each of felony stealing.

Recommendation	The Court En Banc and the Circuit Clerk continue to work with law enforcement officials regarding criminal prosecution related to the missing cash receipts, including restitution of the missing funds.
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Status	Implemented Criminal charges are pending against the two court personnel and the Circuit Clerk is working with the Boone County Prosecuting Attorney related to prosecution. Two payments were made from the Circuit Clerk Interest Bank Account to reimburse the court's Justice Information System (JIS) bank account for missing funds identified by the Court Administrator and State Auditor's office. The former Circuit Clerk authorized a \$12,450 payment in September 2011 and the current Circuit Clerk authorized a \$2,144 payment in May 2012, from the interest bank account to the JIS account. Missing parking ticket receipts of \$75 were not reimbursed because the cause, persons responsible, and specific receipts could not be identified. In addition, a claim was filed with the Court's bonding company and \$11,900 was received in February 2012 as full and final settlement of the claim. The claim monies were deposited into the Circuit Clerk Interest Bank Account to reimburse a portion of payments previously made from this account to the JIS account.
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2. Accounting Controls
and Procedures

Significant weaknesses were identified with accounting controls and procedures of the civil and criminal divisions of the circuit court. As a result, some court receipts were not accounted for properly.

2.1 Segregation of duties
and supervisory review

The duties of receiving and recording receipts, preparing deposits, and disbursing funds were not adequately segregated and supervisory reviews were insufficient to detect errors. The two division supervisors recorded transactions, traced manual receipts to JIS entries, approved voids, reviewed daily JIS cashier session reports of the other clerks, and prepared deposits, in addition to collecting monies.

Recommendation

The Circuit Clerk segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.

Status

Implemented

The Circuit Clerk has implemented additional accounting controls and procedures to segregate duties and increase supervisory reviews. Clerk supervisors are responsible for reviewing daily cashier sessions and preparing deposits. Supervisors are no longer allowed to receipt monies. The Accounting Clerk and the Circuit Clerk review daily reports and the information prepared by the supervisors, including accounting for the numerical sequence of all JIS cashier sessions and reconciling deposits to cashier session reports. All reviews of May and June 2012 daily and monthly reports were documented.

2.2 Manual receipt slips

Manual receipt slips routinely issued by the criminal division prior to July 2011 were not recorded timely in the JIS or deposited timely, and reconciliations to the JIS were not reviewed. In July 2011, the former Circuit Clerk implemented procedures to limit the use of manual receipt slips.

Recommendation

The Circuit Clerk ensure manual receipts are recorded in the JIS and deposited timely, and are reviewed and reconciled to the JIS and deposits by someone independent of the receipting process.

Status

Implemented

Manual receipt slips are recorded in the JIS, deposited timely, and reviewed and reconciled to the JIS. Use of manual receipt slips is now limited to when the JIS is unavailable or during month-end procedures. A spreadsheet of all manual receipt slips issued is maintained by the Chief Deputy Clerk. Supervisors review manual receipts issued, account for the numerical sequence, and ensure all receipts have been recorded in the JIS. The Circuit Clerk reviews manual receipt slips monthly to ensure a JIS receipt number is on all manual receipt slips. We reviewed the manual receipt book for



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2012 and noted all reviews were documented, and the number of receipt slips issued was less than during our audit period.

2.3 Composition

The composition (cash, checks, and money orders) of receipts recorded in the JIS was not reconciled to the composition of deposits.

Recommendation

The Circuit Clerk reconcile the composition of recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.

Status

Implemented

The composition of recorded receipts is reconciled to the composition of bank deposits by clerk supervisors and the review is documented on daily cashier reports. The Accounting Clerk also compares a JIS report of the composition of the recorded receipts to the deposit slips daily. The reconciliation of the composition of recorded receipts to deposits was documented for June 2012 daily cashier reports.

2.4 Non-monetary transactions

Non-monetary transactions, voids, and adjustments in the JIS were not properly documented or reviewed by division supervisors and the Circuit Clerk. All clerks were allowed to enter non-monetary transactions and voids in the JIS. Circuit Clerk procedures provided that non-monetary transactions, voids, and adjustments should have been supported by documentation, and reviewed and approved by a supervisor and the Circuit Clerk; however, documentation was not maintained for several non-monetary transactions, voids, and adjustments that occurred during our audit period.

Recommendation

The Circuit Clerk follow procedures requiring non-monetary transactions, voids, and adjustments to be documented and reviewed and approved by a supervisor.

Status

Implemented

Clerks must include documentation supporting all non-monetary transactions, voids, and adjustments with daily cashier session reports. Transactions must be approved by the Accounting Clerk, Chief Deputy Clerk, and Circuit Clerk. Monthly reports of non-monetary transactions are reviewed by the Accounting Clerk and Circuit Clerk and included in monthly accounting folders. Reviews and approvals of non-monetary and void transactions were documented for June 2012 daily cashier and monthly non-monetary transaction reports.

2.5 Accrued costs

The Circuit Clerk did not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, and fines) for accuracy.



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We noted several cases in which costs were included on the JIS list of accrued costs erroneously.

Recommendation

The Circuit Clerk maintain a complete and accurate list of accrued costs.

Status

In Progress

The Circuit Clerk indicated she and the Accounting Clerk are in the process of developing procedures to ensure the list of accrued costs is complete and accurate. The Circuit Clerk is implementing procedures to require supervisors to review accrued costs on all case types daily and provide documentation of the review to the Circuit Clerk. The Accounting Clerk and Circuit Clerk will also review accrued cost reports to ensure costs are assessed correctly on all case types. The Circuit Clerk is also planning a special project to review all accrued costs over 10 years old. The Circuit Clerk is planning to begin the project within the next 1 or 2 months.

2.6 Bond liabilities

Monthly lists of liabilities were not adequately reviewed to ensure bonds were disbursed in a timely manner. Court personnel indicated a monthly liabilities report was run from the JIS to perform end of month procedures and the report was supposed to be reviewed for any bonds that should have been disbursed; however, they could not determine the last time the monthly list of liabilities for the criminal division was reviewed prior to a review in September 2011.

Recommendation

The Circuit Clerk establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed cases.

Status

Implemented

The Chief Deputy Clerk and Accounting Clerk review, at least monthly, the open items detail report for bonds with no cases associated, bonds with dispositions, and other open items with dispositions. Bonds listed with no case associated are researched to determine a case or are referred to the Prosecuting Attorney for follow-up. Bonds listed with case dispositions are disbursed or used to satisfy costs on the defendant's other cases when applicable. A review of all bonds with disposition dates on the June 2012 bond report was documented. Bonds were applied to other cases, refunded, related to cases with outstanding warrants, or held for another documented reason.

2.7 Outstanding checks

The Circuit Clerk had not developed adequate procedures to follow up on outstanding checks.



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Recommendation

The Circuit Clerk develop procedures to routinely follow-up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

Status

Implemented

The Circuit Clerk and Chief Deputy Clerk reviewed all outstanding checks and made a transmittal to the State Treasurer to address old outstanding checks. In addition, the Accounting Clerk or Chief Deputy Clerk review the outstanding check report for stale checks monthly. Stale checks are reissued, if possible, or the unclaimed monies are turned over to the State Treasurer as unclaimed property. The Circuit Clerk indicated monies will be turned over to the State Treasurer every 6 months. There were no checks that had been outstanding over 6 months on the June 2012 outstanding check report.

3. Corrective Action

The Circuit Clerk failed to implement recommendations made by the Court Administrator, OSCA, and Presiding Judge from numerous reviews since at least 2007. Those conducting reviews identified weaknesses in and recommended changes to civil and criminal division accounting controls and procedures. The Circuit Clerk rarely responded to those conducting the reviews and took little corrective action to implement the recommendations.

Recommendation

The Circuit Clerk establish procedures to implement recommendations timely.

Status

Implemented

The Circuit Clerk has taken steps to address and implement all of the State Auditor's recommendations. In addition, the Office of State Courts Administrator recognized that significant improvements have been made to internal controls in response to recommendations in their March 2012 audit.

5. Parking Ticket Procedures

The Circuit Clerk did not have sufficient procedures to ensure all Missouri Capitol Police parking ticket receipts were recorded in the JIS and deposited. In addition, parking ticket receipts were not reconciled to the Capital Police parking ticket database.

Recommendation

The Circuit Clerk reconcile the parking ticket database to JIS parking ticket receipts.

Status

Implemented

The Circuit Clerk implemented new procedures to reconcile the parking ticket database to parking ticket receipts recorded in the JIS. The Circuit Clerk met with the Capitol Police in May and June 2012 to learn about parking ticket procedures. The Capitol Police provided the Court access to parking ticket reports which are used to reconcile the parking ticket database



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to the JIS records. The Capitol Police system also generates letters for individuals with multiple outstanding tickets. The letters are delivered to the court every 2 weeks to be mailed out. We reviewed copies of the parking ticket report and a template for the follow-up letter.

6. Inactive bank accounts The Circuit Clerk had two inactive bank accounts established, approximately 20 years ago, to hold funds for a state agency case and a case involving a private company. There was no activity on the accounts and no attempt was made to identify or properly dispose of the monies in these accounts.

Recommendation

The Court En Banc and the Circuit Clerk attempt to identify and distribute the funds held in old inactive bank accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

Status

Implemented

The parties for the cases related to the inactive bank accounts have been identified. The Circuit Clerk is working with the Presiding Judge to distribute the monies. The Presiding Judge contacted the attorneys for all parties involved and held hearings during August 2012, so funds may be distributed and the accounts closed. The Presiding Judge found the funds could be disbursed and the Circuit Clerk indicated she will disburse the monies as soon as the final order is approved and signed by the Judge.