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FOLLOW-UP REPORT ON AUDIT FINDINGS

Thirty-Fourth Judicial Circuit

City of Howardville Municipal Division



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Thirty-Fourth Judicial Circuit, City of Howardville Municipal Division

Follow-Up Report on Audit Findings

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Presiding Judge
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We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2011-39, *Thirty-Fourth Judicial Circuit, City of Howardville Municipal Division*, issued in August 2011. 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 division 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 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 division, 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 supporting documentation provided by the division and held discussions with division officials. Documentation included financial reports, various accounting records, and bank statements. This report is a summary of the results of this follow-up work, which was substantially completed during April 2012.

Thomas A. Schweich
State Auditor

Thirty-Fourth Judicial Circuit, City of Howardville Municipal Division

Follow-Up Report on Prior Audit Findings

Status of Findings

1.1 Segregation of Duties Accounting duties were not segregated. The Court Clerk performed all accounting duties, including receiving, recording, depositing, disbursing, and reconciling court receipts. Neither the Municipal Judge nor other city personnel provided adequate supervision or reviewed the work performed by the Court Clerk.

Recommendation The City of Howardville Municipal Division ensure there are documented periodic reviews of municipal division records by the Municipal Judge or city personnel independent of the accounting functions.

Status **Implemented**

The City Clerk reviews and signs various accounting records, including the deposits and bank reconciliations.

1.2 Receipt Procedures Receipts were not recorded on a cash control ledger, and receipt slips were not always issued in numerical sequence. As a result, the municipal division did not account for the numerical sequence of receipt slips.

The method of payment (i.e., cash, check, or money order) and case number or ticket number were not always recorded on the receipt slips issued.

Procedures to void receipt slips needed improvement. In one instance, four receipt slips were issued to the same defendant within 3 days for the same amount for the same court case. While the defendant confirmed to us that he only paid the court once, only two of the receipt slips were physically voided. Additionally, the original copies of some voided receipt slips were not retained.

Recommendation The City of Howardville Municipal Division issue official pre-numbered receipt slips for all monies received in numerical sequence, and ensure the method of payment is accurately recorded on each receipt slip. The municipal division should maintain a cash control ledger and periodically account for the numerical sequence of receipt slips issued. Also, the original copies of voided receipts should be properly defaced and retained.

Status **Implemented**

Receipt slips are issued in numerical sequence and recorded in numerical sequence on a monthly report of receipts. The method of payment is recorded on each receipt slip and reconciled to bank deposits. Original copies of voided receipt slips are defaced and retained.

1.3 Deposit Procedures Receipts totaling \$267.50 could not be traced to deposits. In addition, receipts were not deposited timely or intact, the composition of receipts was not reconciled to the composition of bank deposits, and checks and money orders were not restrictively endorsed until the deposit was prepared.



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Recommendation

The City of Howardville Municipal Division deposit all monies received intact in a timely manner and ensure all checks and money orders are restrictively endorsed immediately upon receipt. The composition of receipt slips should be reconciled to the composition of deposits. In addition, the municipal division should investigate the receipts not deposited in October 2009 and March 2010 and take appropriate action.

Status

Partially implemented

Deposits are made about twice a week or more frequently if significant monies are received. Checks and money orders are restrictively endorsed immediately upon receipt. The composition of receipt slips is reconciled to the composition of deposits. The division has made no additional investigation of the receipts not deposited in October 2009 and March 2010.

1.7 Fines and Court Costs

The municipal division did not regularly disburse fines and court costs deposited in the court bank account. As of February 28, 2011, approximately \$18,700 remained in the court bank account, the majority of which represented fines and court costs not remitted to the city. Since the current municipal division bank account was opened in October 2009, only two disbursements to the city totaling \$11,022 were made.

Recommendation

The City of Howardville Municipal Division disburse all fines and court costs due to the city monthly in accordance with state law.

Status

Partially implemented

The division made two large distributions to the city and has been distributing fines and court costs monthly to the city; however, approximately \$6,000 remained in the court bank account at February 29, 2012. The Court Clerk indicated she would follow up on the balance in the bank account and disburse all remaining monies to the city.

1.8 Bank Reconciliations

The municipal division did not prepare bank reconciliations for the division bank account or maintain a balance in the check register. In addition, month-end liabilities were not identified or reconciled to the division bank account balance.

Recommendation

The City of Howardville Municipal Division maintain a current balance in the check register and prepare monthly bank reconciliations. In addition, month-end liabilities should be identified and reconciled to the bank account balance. Any differences should be investigated.

Status

Partially implemented

A balance is maintained in the check book register and monthly bank statements are reviewed to ensure all deposits and checks have cleared the



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bank (deposits in transit and outstanding checks rarely occur). However, the check book register balance is not accurate and could not be reconciled to the bank balance. The Court Clerk indicated cash bonds have not been held beyond the monthly court dates so lists of liabilities have not been prepared.

3. Ticket Accountability

The police department and municipal division did not adequately account for the numerical sequence of traffic tickets issued. The municipal division maintained a log of traffic ticket books assigned to officers; however, a log or list of all tickets issued or voided by the police department was not maintained. City records indicate a total of 200 tickets were assigned to the police department during the year ended June 30, 2010, and our review noted 42 of these 200 tickets were not located by the municipal division or the Howardville Police Department.

Recommendation

The City of Howardville Municipal Division work with the police department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

Status

Implemented

Reports of all ticket numbers and their ultimate disposition are prepared by the Court Clerk and reviewed and approved by the city Police Chief.