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Missouri State Auditor

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# FOLLOW-UP REPORT ON AUDIT FINDINGS

## Thirty-Eighth Judicial Circuit City of Sparta Municipal Division



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May 2012

Report No. 2012-37

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# Thirty-Eighth Judicial Circuit, City of Sparta Municipal Division

## Follow-Up Report on Audit Findings

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## Missouri State Auditor

Presiding Judge  
Thirty-Eighth Judicial Circuit  
and  
Municipal Judge  
City of Sparta, Missouri

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. 2011-109, *Thirty-Eighth Judicial Circuit, City of Sparta Municipal Division*, issued in November 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 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 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 reports summarizing the status of our recommendations and supporting documentation submitted by the Court Clerk. We also met with the Court Clerk to seek clarification and review additional documents. Documentation provided by the Court Clerk included various accounting records and bank statements. This report is a summary of the results of this follow-up work, which was substantially completed during March 2012.

Thomas A. Schweich  
State Auditor

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# Thirty-Eighth Judicial Circuit, City of Sparta Municipal Division

## Follow-Up Report on Prior Audit Findings

### Status of Findings

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1. Receipting and Depositing	Significant weaknesses were identified with receipting and depositing procedures of the municipal division. As a result, there was no assurance all municipal division receipts were accounted for properly.
1.1 Receipts	Receipt slips were not issued for some monies received, and the method of payment (cash, check, or money order) was not always recorded on receipt slips and reconciled to deposits. In addition, city water/sewer manual receipt slips were issued for some municipal division monies received, but these receipts were not reconciled to municipal division receipt records, and all copies of these receipt slips were removed from the receipt book making it difficult to ensure all monies were accounted for properly.
Recommendation	The City of Sparta Municipal Division issue receipt slips for all monies received, document the method of payment on receipt slips, and reconcile the composition of receipt slips to the composition of deposits. Additionally, the municipal division should work with the city to ensure municipal division monies received by the city are separately recorded and reconciled to municipal division receipt records.
Status	<b>In Progress</b>  Receipt slips were issued for all monies received at the time of our follow-up. While no method of payment was documented for January or February 2012 receipts issued on the cash receipts journal, the March 2012 cash receipts journal did document cash or check. Additionally, totals were included on the cash receipts journal for each deposit to show reconciliation of all journals, and city water/sewer manual receipt slips have not been issued for municipal division monies since the release of the audit.
1.2 Deposits and cash refunds	Receipts were not deposited intact or in a timely manner, and numerous bond refunds were issued from cash receipts.
Recommendation	The City of Sparta Municipal Division deposit monies intact and in a timely manner, and discontinue the practice of issuing cash refunds for bond monies.
Status	<b>In Progress</b>  Our follow-up indicated monies are now deposited intact, and although most deposits are now made more timely, some deposits still showed delays of 8 to 15 days after receipt. Bond refunds are now issued by check.
2. Liabilities and Disbursements	Monthly lists of liabilities were not complete and reconciled to monies available in the municipal division bank account. Additionally, procedures were not established to routinely investigate bonds and partial payments remaining on the liabilities list over a specified period of time. Further, court costs were not disbursed timely.



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**2.1 Liabilities** A monthly list of liabilities was not always prepared, and when prepared was not accurate. Overpayments totaling \$1,964 were made to the Police Fund from the municipal division bank account. As a result, the municipal division bank account did not have adequate funds to pay all amounts owed. In addition, the division did not adequately follow up on bonds held for an extended period of time, forfeit bonds to the city in a timely manner, or disburse partial payments timely.

**Recommendation** The City of Sparta Municipal Division prepare monthly liabilities lists and reconcile lists to the balance in the municipal division bank account. In addition, the municipal division should disburse \$1,964 from the Law Enforcement Fund to the municipal division bank account, and develop procedures to monitor liabilities and ensure monies are appropriately disbursed.

**Status** **In Progress**

The municipal division provided us a February 2012 bank reconciliation and a liabilities list; however, the liabilities list was not updated to correct the inaccuracies identified during the audit. According to the Court Clerk, the City Clerk resigned on March 8, 2012, and she believed the \$1,964 had been transferred from the Law Enforcement Fund to the General Fund; however, documentation could not be provided.

**2.2 Court costs** Fines and costs collected by the municipal division were not always disbursed to the city and state in a timely manner.

**Recommendation** The City of Sparta Municipal Division disburse fines and costs in a timely manner.

**Status** **Implemented**

The municipal division provided documentation to show fines and costs collected in January 2012 were disbursed on February 9, 2012.

**3. Segregation of Duties** Duties were not adequately segregated. The Court Clerk performed all duties related to collection of funds, deposit preparation, and posting fines and court costs received. Neither the Municipal Judge nor other city officials independent of the cash custody and record keeping functions provided any supervision or review of her work.

**Recommendation** The City of Sparta Municipal Division segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.



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**Status**

**In Progress**

According to the Court Clerk, the municipal division established procedures for the City Clerk to review each deposit and reconcile deposits to the cash receipts journal; however, this review was not documented. The City Clerk resigned March 8, 2012, and the Court Clerk filled the roles of City Clerk and Court Clerk during our follow-up visit, as a result, duties were not adequately segregated at the time of our visit.

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**5. Traffic Ticket  
Accountability**

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

**Recommendation**

The City of Sparta 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**

The Police Department has implemented a new computer system with the ability to track each citation and its disposition. The Court Clerk has computerized her dockets which allows her to sort by citation numbers and account for the numerical sequence.