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FOLLOW-UP REPORT ON AUDIT FINDINGS

Eleventh Judicial Circuit

City of New Melle Municipal Division

November 2014
Report No. 2014-107



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City of New Melle Municipal Division
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*Includes selected findings



THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Eleventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
City of New Melle, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-032, *Eleventh Judicial Circuit, City of New Melle Municipal Division*, issued in May 2014, 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 municipal 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 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 municipal division, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. However, the City of New Melle Police Department discontinued operations upon the resignation of all police personnel effective June 7, 2014; and on October 23, 2014, the city entered into a contract with St. Charles County for law enforcement services. The municipal division was discontinued effective October 31, 2014. Fines and court costs will be collected through the St. Charles County courts, but the City of New Melle City Clerk will collect amounts due on existing cases. This report provides the status

of the recommendations prior to dissolution of the municipal division. Recommendation numbers 1.2 and 2.1 were not evaluated because the municipal division was dissolved before the recommendations could be implemented.

Our work was primarily conducted after the Police Department had discontinued operations, and during the time period the city was making decisions regarding the dissolution of the municipal division. As part of the AFTER work conducted, we spoke with the Court Administrator and the City Finance Director regarding the status of the recommendations and requested various records and supporting documentation; however, most of the requested information was not provided. We also spoke with the Mayor and the City Clerk regarding the status of the Police Department and the municipal division; and previously spoke with the former Chief of Police regarding implementation of recommendations during our audit exit conference in April 2014. This report is a summary of the results of this follow-up work, which was substantially completed in August through October 2014.

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' and a long, horizontal flourish at the end.

Thomas A. Schweich
State Auditor

Eleventh Judicial Circuit

City of New Melle Municipal Division

Follow-Up Report on Prior Audit Findings - Status of Findings

1.1 Accounting Controls and Procedures - Unaccounted for bond monies Our review of municipal division receipts and Police Department bond records determined two cash bonds totaling \$415 received by the Police Department in 2012 were apparently not deposited; and as of November 2013, these monies had not been deposited into the bond account. The former Court Administrator indicated she did not have a record showing receipt of these bond monies or related information provided by the Police Department, and Police Department personnel could not locate any other records related to these bonds. Despite various audit procedures performed, we were unable to determine the disposition of these monies.

Recommendation The City of New Melle Municipal Division investigate all shortages and undeposited receipts, and review current records to determine whether there are additional unaccounted for monies.

Status **In Progress**

The Court Administrator indicated she continued to review old court records, but was unable to determine what happened to these missing receipts. She indicated she had not identified any additional unaccounted for monies, but the review process was not completed due to the poor court records.

1.3 Accounting Controls and Procedures - Receipts The municipal division lacked procedures to ensure all monies received were receipted, recorded, and deposited properly. For all types of receipts, adequate documentation was not maintained when individuals made payments on behalf of a defendant and deposit tickets did not adequately detail the receipts included. In addition, many receipts were handled by employees of both the municipal division and the city before deposit, and there was often no documentation to support the transmittal of monies from one employee to another.

The City Clerk did not issue receipt slips for all monies received through the violation bureau. Generic receipt slips were issued only for cash receipts or upon request by the payor, and receipt slips were not issued in numerical sequence. The former Court Administrator did not record some violation bureau receipts in the municipal division's computer system and some court receipts were not recorded timely.

The Police Department and the former Court Administrator did not issue receipt slips for some bond monies received. Generic receipt slips were utilized by both the Police Department and the municipal division, and the method of payment (cash, check, or money order) was not always accurately indicated on receipt slips. The former Court Administrator did not always issue receipt slips immediately when monies were received and in sequential order, and some receipt slips were issued after the monies had been deposited. The former Court Administrator did not record several



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bonds received from other entities in the computer system immediately when received. Some receipts were not deposited intact or timely, and some receipts were not deposited.

Recommendation

The City of New Melle Municipal Division work with the City of New Melle and the Police Department to ensure official prenumbered receipt slips are issued immediately and in numerical sequence for all receipts. In addition, the method of payment and instances when an individual makes a payment on behalf of a defendant should be properly indicated on receipt slips. The municipal division should work with the city to document transmittals of monies between employees, ensure receipts are deposited intact and timely, and ensure itemized listings of deposits are prepared. The municipal division should also ensure all receipts are recorded in the municipal division's computer system timely.

Status

Implemented

The Court Administrator indicated she implemented a procedure to ensure all receipts were entered in the municipal division's computer system immediately when received, and that any instances when an individual made a payment on behalf of a defendant were properly documented. The city purchased official prenumbered receipt slips to document court receipts received in the violation bureau. The Court Administrator indicated deposits were made on the day monies were received and individual receipts were listed on deposit tickets.

**1.4 Accounting Controls
and Procedures - Bond
forms**

Police Department personnel did not issue bond forms in sequential order or account for the numerical sequence of bond forms issued, and did not maintain a complete log of bond forms issued.

Recommendation

The City of New Melle Municipal Division work with the Police Department to issue bond forms in sequential order, account for the numerical sequence of all bond forms, and maintain a complete log of bond forms issued.

Status

Implemented

The Police Department purchased new prenumbered bond forms and implemented a bond log; however, the Court Administrator indicated no bonds were received after the department developed these procedures.

**1.5 Accounting Controls
and Procedures - Bond
disbursements**

The former Court Administrator did not disburse several bonds to the city or issue refunds timely, and some bonds associated with closed cases had not been disbursed.



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Recommendation

The City of New Melle Municipal Division ensure bonds are disbursed to the city or refunded in a timely manner.

Status

In Progress

The Court Administrator indicated no bond monies were received after the audit. She indicated she continued to review the bond bank account to account for and disburse monies in the account; however, the review process was difficult due to poor records.

1.6 Accounting Controls and Procedures - Bond records and reconciliations

The municipal division did not maintain a bond ledger indicating the date and amount received, related case, and date of disbursement. The city did not maintain an adequate book balance in the accounting system for the bond account, and bank reconciliation procedures did not include a comparison to book balances maintained by the former Court Administrator or an investigation of differences noted. Also, the former Court Administrator did not ensure bond account activities were accurately recorded in the bond account check register, and therefore a complete and accurate book balance was not maintained. In addition, the municipal division did not prepare a list of open bonds or reconcile open bonds to the reconciled bond account balance.

Recommendation

The City of New Melle Municipal Division maintain a complete bond ledger to account for all bond activities, and work with the City of New Melle to ensure all bonds are accounted for properly.

Status

In Progress

The Court Administrator implemented a bond ledger to account for bond activities; however, no bonds were received. She indicated she continued to review the bond bank account to account for and disburse monies in the account; however, this review process was difficult due to poor records.

2.2 Municipal Division Procedures - Ticket accountability

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

Some ticket books assigned to police officers were not posted to the log of ticket books maintained by the Police Department, and the log prior to May 2012 could not be located. In addition, there were no procedures to ensure each ticket was entered into the department's case management system by officers and accounted for properly.

The former Court Administrator did not track tickets that required no court action, such as voided tickets and warnings. Additionally, the former Court Administrator did not use the municipal division's computer system to



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account for the numerical sequence of tickets received from the Police Department and entered into the municipal division's computer system.

Recommendation

The City of New Melle 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 implemented a log to account for ticket books assigned to officers. The Court Administrator indicated she ensured all tickets were entered in the computer system monthly.

2.3 Municipal Division
Procedures -
Prosecuting Attorney
approval

The Prosecuting Attorney did not sign all tickets processed by the municipal division as required by the Missouri Supreme Court Rules. The Prosecuting Attorney did not review and approve tickets paid through the violation bureau prior to court. In addition, the Prosecuting Attorney allowed the former Court Administrator to maintain the Prosecuting Attorney's signature stamp and stamp her signature on tickets submitted to the state's Department of Revenue for suspension of driving privileges for failure to appear in court.

Recommendation

The City of New Melle Municipal Division ensure the Prosecuting Attorney signs all traffic tickets, and discontinue the practice of using the Prosecuting Attorney's signature stamp.

Status

Implemented

The Court Administrator indicated she ensured the Prosecuting Attorney signed all traffic tickets, and she discontinued use of the Prosecuting Attorney's signature stamp.

2.4 Municipal Division
Procedures - Ticket
dispositions

The Municipal Judge did not approve all ticket dispositions. The Municipal Judge did not review and approve traffic tickets paid through the violation bureau, or the final docket report showing ticket dispositions recorded in the system.

Recommendation

The City of New Melle Municipal Division ensure the Municipal Judge signs all court dockets.

Status

Implemented

The Court Administrator indicated she ensured the Municipal Judge signed all court dockets.



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2.5 Municipal Division
Procedures -
Organization of records

Some municipal division records requested during the audit, including six case files and several bond bank account statements, could not be located. In addition, it took several weeks for municipal division and city officials to locate some requested records.

Recommendation

The City of New Melle Municipal Division ensure records are appropriately retained, and organized efficiently so records can be readily located.

Status

In Progress

The Court Administrator indicated she organized most old court records; however, many of these records were maintained poorly and difficult to understand. She indicated she maintained current records in a logical, organized manner.