



Nicole Galloway, CPA

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

**Thirty-Seventh Judicial Circuit
City of Winona Municipal Division**

Report No. 2019-027

April 2019

auditor.mo.gov

Thirty-Seventh Judicial Circuit

City of Winona Municipal Division

Follow-Up Report on Audit Findings - Table of Contents

State Auditor's Letter

2

Status of Findings*

1.1	Accounting Controls and Procedures - Segregation of duties and oversight	3
1.2	Accounting Controls and Procedures - Receipting, recording, depositing, and transmitting	3
1.3	Accounting Controls and Procedures - Bank reconciliations and liabilities	4
1.4	Accounting Controls and Procedures - Bonds	5
2.1	Municipal Division Procedures - Case dispositions	5
2.2	Municipal Division Procedures - Signature stamp	6
2.3	Municipal Division Procedures - Municipal division records	6
2.4	Municipal Division Procedures - Ticket accountability	6
3.	Excess Revenues.....	7

*Includes selected findings



NICOLE GALLOWAY, CPA
Missouri State Auditor

Presiding Judge
Thirty-Seventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Winona, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2018-028, *Thirty-Seventh Judicial Circuit, City of Winona Municipal Division* (rated as Poor), issued in May 2018, 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 for which follow up is considered necessary, 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 has no specific plans to implement the recommendation.

As part of the AFTER work conducted, we reviewed documentation provided by municipal division and city officials and held discussions with officials to verify the status of implementation for the recommendations. Documentation provided by the officials included receipt and disbursement records, electronic case files, monthly reports, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during February and March 2019.

Nicole R. Galloway, CPA
State Auditor

Thirty-Seventh Judicial Circuit

City of Winona Municipal Division

Follow-Up Report on Audit Findings - Status of Findings

1.1 Accounting Controls and Procedures - Segregation of duties and oversight

The municipal division had not adequately segregated accounting and record-keeping duties, and neither the Municipal Judge nor city personnel performed supervisory or independent reviews of accounting and bank records.

Recommendation

The City of Winona Municipal Division segregate accounting duties or ensure documented independent or supervisory reviews of municipal division accounting and bank records are periodically performed.

Status

In Progress

The Court Clerk indicated she now prepares monthly bank reconciliations. The City Clerk indicated she compares receipts to deposits at the time she records court activity in the city's accounting system. However, she does not document this review, but indicated she would immediately start documenting her review. The Mayor reviews the bank statements and bank reconciliation reports and documents his review. We reviewed the December 2018 bank statements and bank reconciliation reports and saw documentation of the Mayor's review on these documents. The Mayor also indicated the city plans to close the municipal division in the near future.

1.2 Accounting Controls and Procedures - Receipting, recording, depositing, and transmitting

The municipal division did not have adequate receipting, recording, and depositing procedures in place. In addition, the police department had not established adequate transmitting procedures.

- The Court Clerk and Assistant Court Clerk did not issue manual receipt slips for all monies received, and as a result, a complete record of monies received was not maintained. Some monies were also not recorded in the case management system that related to case activity and should have been recorded.
- The Court Clerk did not account for the numerical sequence of manual receipt slips and did not reconcile manual receipt slips issued to receipts recorded in the case management system to ensure all monies were accounted for properly.
- The Court Clerk did not deposit receipts timely.
- Transmittals from the police department to the municipal division were not documented, and a reconciliation of receipt slips issued by the police department to monies transmitted to the municipal division was not performed.

Recommendation

The City of Winona Municipal Division ensure receipt slips are issued for all monies received, account for the numerical sequence of receipt slips,



Thirty-Seventh Judicial Court
City of Winona Municipal Division
Follow-up Report on Audit Findings - Status of Findings

reconcile manual receipt slips issued to the case management system, and deposit receipts timely. The Municipal Division should also work with the police department to document the transmittal of receipts to the municipal division and reconcile police department receipt slips to the transmittals.

Status

Implemented

Our review of December 2018 financial activity showed manual receipt slips were issued for all monies received, the numerical sequence of receipt slips was accounted for, and manual receipt slips were reconciled to the case management system. Monies received were deposited timely. Monies are no longer collected at the police department.

1.3 Accounting Controls and Procedures - Bank reconciliations and liabilities

The city and municipal division's procedures regarding bank reconciliations and liabilities needed improvement.

New bank account

The City Clerk did not prepare accurate bank reconciliations and did not work with the Court Clerk to prepare a list of liabilities for comparison to the reconciled bank balance. Deposits in transit were not included in the bank reconciliations, and as a result, the reconciled bank balances were inaccurate. In addition, we prepared a list of liabilities for this account which differed from the reconciled bank balance by \$2,806. The difference was caused by various accounting errors and disbursements made from this account when the corresponding receipts were deposited into the old bank account and not transferred to the new account.

Old bank account

The City Clerk discontinued depositing court collections into the old municipal division bank account in October 2017. However, the old account remained open and had a reconciled bank balance at December 31, 2017, of \$5,249. We prepared a list of liabilities as of December 31, 2017, and the list totaled \$2,622 (amount owed to the new municipal division bank account), which resulted in \$2,627 in the account that remained unidentified.

Recommendation

The City of Winona Municipal Division work with the city to prepare complete and accurate bank reconciliations, prepare and reconcile lists of liabilities monthly to the reconciled bank balances, and promptly investigate any differences. The Municipal Division should also work with the city to investigate unidentified balances in the old bank account, dispose of unclaimed and unidentified monies in accordance with state law, and close the account.



Thirty-Seventh Judicial Court
City of Winona Municipal Division
Follow-up Report on Audit Findings - Status of Findings

Status

In Progress

The City Clerk indicated bank reconciliations are prepared timely, the only amounts left in the bank accounts are unidentified, and therefore, a list of liabilities is not necessary. Our review of the December 2018 bank reconciliations indicated the new bank account had an unidentified balance of \$52 and the old bank account had an unidentified balance of \$728. The City Clerk indicated she is working with the Municipal Judge and City Attorney to determine the disposition of the remaining \$780.

1.4 Accounting Controls
and Procedures - Bonds

Police department personnel issued generic unnumbered bond forms, did not maintain a log of bonds received, and did not always issue prenumbered receipt slips for bonds received.

Recommendation

The City of Winona Municipal Division work with the police department to ensure official prenumbered bond forms are issued, the numerical sequence of all bond forms is accounted for, a bond log is maintained to record all bonds received, and bond receipts are recorded and transmitted timely to the municipal division.

Status

Implemented

The police department no longer collects bond monies.

2.1 Municipal Division
Procedures - Case
dispositions

The Municipal Judge did not always approve the final disposition of cases brought before the court or the fines handled through the Violation Bureau. Additionally, the Municipal Judge's approval of amended and dismissed tickets was not always properly documented.

Completed manual case docket sheets were not always signed by the Municipal Judge, and the Court Clerk did not print the final docket that documented the case activity recorded in the system for the Municipal Judge's review and approval. In addition, some amended tickets were approved using the Municipal Judge's signature stamp without subsequent approval.

Recommendation

The City of Winona Municipal Division ensure the Municipal Judge signs all court dockets and reviews and approves all amended and dismissed tickets.

Status

Not Implemented

The Municipal Judge did not document his review and approval on court dockets of the final disposition for 3 of 5 cases reviewed that were disposed of in December 2018. In addition, one of these 3 cases involved an amended ticket that was approved using the Municipal Judge's signature stamp without subsequent approval. The Court Clerk does not print the final docket that documents the case activity recorded in the system for the Municipal Judge's review and approval. Also, our review of another ticket that was dismissed



Thirty-Seventh Judicial Court
City of Winona Municipal Division
Follow-up Report on Audit Findings - Status of Findings

showed the use of the Municipal Judge's signature stamp without subsequent approval.

2.2 Municipal Division
Procedures - Signature
stamp

Court clerks authorized to use the signature stamp did not initial to indicate use and there was no independent review of the documents stamped.

Recommendation

The City of Winona Municipal Division establish procedures to adequately secure and control the use of the Municipal Judge's signature stamp, including requiring the user to initial the stamp and a subsequent review and approval of stamped documents.

Status

Partially Implemented

The Court Clerk indicated the Municipal Judge's signature stamp is rarely used. Our review of 2 case files for which the Municipal Judge's signature stamp was used on documents showed the Court Clerk initialed next to the use of the stamp. However, a subsequent review and approval of the stamped documents was not documented by the Municipal Judge.

2.3 Municipal Division
Procedures - Municipal
division records

Municipal division case records were not maintained in an accurate and complete manner. We noted instances in which the information between the manual and electronic records did not always agree. In addition, the sentencing for each case was not always documented on the manual case docket sheet when multiple cases for a single defendant were brought before the court at the same time.

Recommendation

The City of Winona Municipal Division ensure the proper disposition of cases is documented in manual and electronic records and sufficient documentation is maintained to support all case actions.

Status

Implemented

During our review of 5 cases disposed of in December 2018, we noted the information between the manual and electronic reports agreed. In addition, during our review of manual case docket sheets associated with multiple cases for a single defendant, we noted the sentencing for each case was accurately documented.

2.4 Municipal Division
Procedures - Ticket
accountability

The police department and the municipal division did not work together to ensure the numerical sequence and ultimate disposition of all tickets issued were accounted for properly. There were no procedures to account for the numerical sequence of all tickets issued, ensure the transmittal of all issued tickets to the municipal division, or document each ticket's disposition. In addition, no formal listing of voided tickets was retained. Also, a ticket was issued to a member of the Court Clerk's family; however, this ticket could not



Thirty-Seventh Judicial Court
City of Winona Municipal Division
Follow-up Report on Audit Findings - Status of Findings

be located at the municipal division and there was no documentation showing the Court Clerk entered the ticket into the municipal division's case management system for processing.

Recommendation

The City of Winona Municipal Division work with the police department to ensure the numerical sequence and ultimate disposition of all tickets (including voided tickets) are accounted for properly.

Status

Not Implemented

The police department and the municipal division have not implemented procedures to account for the numerical sequence of tickets issued, ensured the transmittal of all issued tickets to the municipal division, or documented the disposition of each ticket.

3. Excess Revenues

The city did not have adequate support for its 2016 excess revenues calculation. The amounts reported by the city as general operating revenues were significantly overstated, which resulted in no excess revenues owed to the Department of Revenue (DOR). However, our calculations resulted in excess revenues of at least \$21,987 owed to the DOR.

Our review of the minor traffic violation report used in the excess revenue calculation identified a large difference between total court revenues and court revenues from minor traffic violations. A significant amount of the difference could not readily be explained and some municipal ordinance violations were not included in the minor traffic violation report; therefore, the minor traffic violation report generated might not have been accurate and complete.

Recommendation

The City of Winona Municipal Division ensure the minor traffic violation report included municipal ordinance violations, work with the City of Winona Board of Aldermen to recalculate excess revenues for the year ended December 31, 2016, and make payment to the DOR. Adequate documentation of all calculations should be maintained.

Status

Partially Implemented

The City Clerk indicated minor traffic violations are now coded properly into the case management system, and a report of minor traffic violations is generated and reviewed for accuracy. The City Clerk recalculated excess revenues for the year ended December 31, 2016, which indicated \$21,995 was due to the DOR. However, the city has not made any payments to the DOR. The Board indicated it has no plans to make payment until after the criminal proceedings involving the former City Clerk are finalized.

The City Clerk also calculated \$26,049 in excess revenues was due to the DOR for the year ended December 31, 2017. The city paid this amount to the



Thirty-Seventh Judicial Court
City of Winona Municipal Division
Follow-up Report on Audit Findings - Status of Findings

DOR on August 9, 2018. In addition, the City Clerk calculated \$10,394 in excess revenues was due to the DOR for the year ended December 31, 2018. The Board indicated it plans to pay this to the DOR in April 2019. Documentation of the excess revenue calculations was maintained by the city.