



THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
TWO YEARS ENDED JUNE 30, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-35
May 12, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

The following problems, discovered as result of our office's most recent two year audit of the Thirty-Fourth Judicial Circuit's Municipal Division in the City of Howardville, may have been avoided had our prior recommendations calling for stricter financial controls been implemented.

Cash receipts for fines, court costs, and bonds totaling at least \$11,847 were received and not deposited during the period July 1, 1997 through May 18, 1998. In addition, payments in excess of the Court Clerk's authorized compensation totaling \$22,269, (\$9,682 from the court account and \$12,587 from the city police account) were made between August 1997 and April 1998.

Information gathered during our review has been turned over to the New Madrid County Prosecuting Attorney.

The city of Howardville Municipal Division accepts cash, checks, and money orders for payment of fines, court costs, and bonds. The Court Clerk was responsible for receiving, recording and depositing court monies, as well as preparing disbursements and reconciling bank statements. In addition, the Court Clerk was responsible for accounting duties related to the city police account. Prior to August 1996, court monies were deposited directly into the city police account. In August 1996, a separate bank account was opened for the deposit of court monies; however, some court monies continued to be deposited directly into the city police account. Individuals authorized to sign checks for the court account and the city police account are limited to the City Clerk, the Mayor, and one alderman.

Vanessa Frazier was appointed court clerk in June 1997 and her employment was terminated in July 1998. She pled guilty to felony stealing related to a misappropriation discovered prior to our audit. (the \$4,634 is included in the amounts mentioned above).

Clois Taylor currently serves as the Municipal Judge of the city of Howardville. Earnestine Jackson served as the Municipal Judge prior to June 1998.

We recommend the municipal division, along with the city, continue to work with law enforcement officials regarding any additional criminal prosecution and to obtain restitution of the missing funds and overpayments.

These misappropriations of funds went undetected due to several internal control weaknesses, including inadequate segregation of duties and lack of independent review as discussed in this report.

YELLOW SHEET

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENT**

Presiding Judge
Thirty-Fourth Judicial Circuit
and
Municipal Judge
Howardville, Missouri

We had planned to audit the accompanying special-purpose financial statement of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit as of and for the years ended June 30, 1998 and 1997, as identified in the table of contents. This special-purpose financial statement is the responsibility of the municipal division's management.

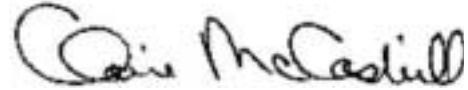
The accompanying special-purpose financial statement was prepared for the purpose of presenting the receipts, disbursements, and changes in cash of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit and is not intended to be a complete presentation of the financial position and results of operations of the municipal division.

As a result of internal control weaknesses, inadequate records, and evidence of fraud, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements of fines, court costs, and bonds for the years ended June 30, 1998 and 1997.

Because of the effects of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the special-purpose financial statement of the city of Howardville Municipal Division as of and for the years ended June 30, 1998 and 1997.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 11, 1999, on our consideration of the municipal division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to auditing procedures.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

February 11, 1999



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Presiding Judge
Thirty-Fourth Judicial Circuit
and
Municipal Judge
Howardville, Missouri

We had planned to audit the special-purpose financial statement of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated February 11, 1999. In that report, we did not express an opinion on the special-purpose financial statement; as a result of internal control weaknesses, inadequate records, and evidence of fraud, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements of fines, court costs and bonds for the periods indicated above. However, we were able to perform certain procedures regarding the municipal division's compliance with legal provisions and internal control, and these procedures are discussed below.

Compliance

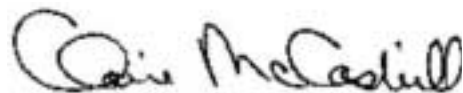
As part of our attempts to obtain reasonable assurance about whether the special-purpose financial statement of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit is free of material misstatement, we performed tests of the municipal division's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our procedures, and accordingly, we do not express such an opinion. The results of our tests disclosed material instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are presented in the accompanying Management Advisory Report. We also noted certain other instances of noncompliance which are presented in that report.

Internal Control Over Financial Reporting

In planning and performing our procedures related to the special-purpose financial statement of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit, we considered the municipal division's internal controls over financial reporting. Our consideration was performed in connection with our attempts to determine whether an opinion could be expressed on the special-purpose financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the municipal division's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statement.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

February 11, 1999

Financial Statement

Exhibit

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

(UNAUDITED)

	Year Ended June 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 37,050	12,199
Total Receipts	<u>37,050</u>	<u>12,199</u>
DISBURSEMENTS		
City treasury	12,149	9,832
State of Missouri	0	328
Court Clerk (Note 3)	9,682	0
Refunds and other	2,987	1,494
Unaccountable (Note 4)	<u>11,847</u>	<u>0</u>
Total Disbursements	<u>36,665</u>	<u>11,654</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	385	545
CASH, JULY 1	<u>581</u>	<u>36</u>
CASH, JUNE 30	<u>\$ 966</u>	<u>581</u>

The accompanying Notes to the Financial Statement are an integral part of this statement.

Notes to the Financial Statement

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
NOTES TO THE FINANCIAL STATEMENT

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statement presents only selected data for the funds administered by the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit of the state of Missouri.

Receipts, disbursements, and changes in cash are presented for the municipal division. The operating costs of the division are paid by the city of Howardville and are not included in the financial statement.

The municipal division is responsible for cash bonds posted until case disposition allows appropriate disbursement. Bond monies relating to pending cases in the custody of the municipal division are included in the financial statement.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash is prepared on the cash basis of accounting; accordingly, amounts are recognized when they are received or disbursed. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The municipal division accounts for fines and court costs resulting from prosecution of violations of municipal ordinances before the municipal judge or received through the traffic violations bureau, as well as cash bonds posted. Municipal violations could include traffic offenses, both moving and nonmoving; parking offenses; and other violations for which amounts are received by the municipal division and remitted to the city treasury. The municipal division also may account for restitutions received and disbursed through the division.

2. Cash

Section 479.080, RSMo 1994, requires municipal divisions to deposit fines and court costs into the city treasury at least monthly. The division maintains a bank account into which fines court costs, and bonds are deposited and later remitted to the city treasury.

At June 30, 1998 and 1997, the bank account balance reported for the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit was entirely covered by federal depository insurance.

3. Unauthorized Payments

Disbursements to the Court Clerk totaling \$9,682 for the year ended June 30, 1998, represent unauthorized payments. Also, the Court Clerk received an additional \$12,587 of unauthorized payments from the city police account during the year ended June 30, 1998 for a total of \$22,269 of payments in excess of her authorized compensation.

4. Missing Funds

Fines, court costs, and bonds totaling at least \$11,847 which court records indicate were received by the municipal division but not deposited, are included in receipts and are presented as unaccountable disbursements on the financial statement for the year ended June 30, 1998.

MANAGEMENT ADVISORY REPORT SECTION

Executive Summary

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
EXECUTIVE SUMMARY

Cash receipts for fines, court costs, and bonds totaling at least \$11,847 were received and not deposited during the period July 1, 1997 through May 18, 1998. In addition, payments in excess of the Court Clerk's authorized compensation totaling \$22,269, (\$9,682 from the court account and \$12,587 from the city police account) were made between August 1997 and April 1998. Some receipt and disbursement information was not properly recorded, court monies were not remitted to the city and state, and city officials indicate signatures were forged on some checks, all of which helped to conceal the misappropriation of funds.

These misappropriations could have been prevented or detected on a more timely basis if adequate oversight and reviews had been performed and internal controls, as noted in the prior Management Advisory Report (MAR) and repeated in the current MAR, had been established.

Clois Taylor currently serves as the Municipal Judge of the city of Howardville. Earnestine Jackson served as the Municipal Judge prior to June 1998. Vannessa Frazier was appointed Court Clerk in June 1997 and her employment was terminated in July 1998. She pled guilty to felony stealing related to a \$4,634 misappropriation discovered prior to our audit (the \$4,634 is included in the amounts mentioned above). She was responsible for depositing monies, preparing disbursements, and reconciling bank statements for both the court account and the city police account.

Management Advisory Report -
State Auditor's Current Recommendations

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISOR REPORT -
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We had planned to audit the special-purpose financial statement of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit as of and for the years ended June 30, 1998, and 1997, and have issued our report thereon dated February 11, 1999. In that report, we did not express an opinion on the special-purpose financial statement; as a result of internal control weaknesses, inadequate records, and evidence of fraud, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements of fines, court costs, and bonds for the period indicated above.

The following Management Advisory Report presents our findings and recommendations arising from our procedures related to the municipal division's special-purpose financial statement. During those procedures, we also identified certain management practices which we believe could be improved. Our procedures were not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered as all-inclusive of areas where improvements may be needed.

1.	Missing Funds
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The city of Howardville Municipal Division accepts cash, checks, and money orders for payment of fines, court costs, and bonds. The Court Clerk was responsible for receiving, recording, and depositing court monies as well as preparing disbursements and reconciling bank statements. In addition, the Court Clerk was responsible for accounting duties related to the city police account. Prior to August 1996, court monies were deposited directly into the city police account. In August 1996, a separate bank account was opened for the deposit of court monies; however, some court monies continued to be deposited directly into the city police account. Individuals authorized to sign checks for the court account and the city police account are limited to the City Clerk, the Mayor, and one alderman.

In April 1998, the Court Clerk was placed on paid administrative leave as a result of numerous overdrafts on the city police account. The Court Clerk's employment was terminated in July 1998 and she subsequently pled guilty to felony stealing. The clerk had prepared a deposit slip for \$4,634 more than what was deposited in the bank. The city has filed a claim with the bonding company for \$4,634 related to the information known at that time.

For the two years ended June 30, 1998, we compared amounts received by the court to amounts deposited into the court and the city police accounts. Court records indicate at least \$11,757 of court monies were received between September 1997 and April 28, 1998, but were not deposited. An additional \$90 payment was noted as received by the City Clerk on May 18, 1998, which was not deposited.

The amounts received by the court were determined by reviewing receipt slips and various other records that were available. For the year ended June 30, 1998, court dockets could not

be located and receipt records were not complete. As a result, additional monies could be missing.

City officials indicated that during the year ended June 30, 1998, the Court Clerk's wages were to be paid from the city police account. Payments were to be made from the city general account when the balance in the city police account was not sufficient to cover the expense. We compared amounts paid to the Court Clerk from the city police, the city general, and the court bank accounts to payroll records and employee time sheets. Based on timesheets, payroll records and W-2 forms, the clerk earned a total of \$7,133 in 1997 and 1998. Her net pay was \$6,063, but she actually received \$28,332. Payments in excess of authorized compensation were made to the Court Clerk totaling \$22,269 (\$9,682 from the court account and \$12,587 from the police account) between August 1997 and April 1998. Some checks contained notations indicating the payment was for additional services provided or for reimbursement of expenses. However, no documentation was available to support these disbursements. In addition, the Mayor indicated some of the checks appeared to contain forged signatures. Because bank statements were missing and the bank was not able to provide copies of some checks, it is possible additional overpayments were made.

These misappropriations of funds went undetected due to several internal control weaknesses, including inadequate segregation of duties and lack of independent review, as discussed later in this report. Many of these weaknesses were also noted in our prior report.

Information gathered during our review has been turned over to the New Madrid County Prosecuting Attorney.

WE RECOMMEND the municipal division, along with the city, continue to work with law enforcement officials regarding any additional criminal prosecution and to obtain restitution of the missing funds and overpayments.

AUDITEE'S RESPONSE

The Municipal Judge provided the following response:

I came into office after these missing funds and overpayments had occurred. I will cooperate in any way I can and make available any records or documents I have.

2. Accounting Controls and Procedures

- A. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. The Court Clerk performs all of the duties related to the collection and disbursement of fines, court costs, and bonds. Neither the Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that transactions are accounted for properly and assets are adequately safeguarded. Since this is currently an office of one employee and proper segregation of duties cannot be achieved, at a minimum, there should be a

documented independent comparison of receipt slips issued to amounts deposited and an independent review of bank statements and reconciliations. Any unusual items or discrepancies should be investigated.

- B.1. The municipal division uses prenumbered receipt slips and indicates the method of payment received (cash, check, money order). However, receipt slips are not issued for some monies received. As a result, the composition of receipt slips cannot be reconciled to the composition of bank deposits.
- 2. The numerical sequence of receipt slips is not accounted for properly. Some receipt slips were not issued in order and other receipt slips were backdated. The top copy of some voided receipt slips was not retained, and some receipt slips were skipped but not properly defaced to prevent later use.

To adequately account for all monies received, receipt slips should be issued for all monies as they are received, and the composition of receipt slips should be reconciled to the composition of bank deposits. In addition, receipt slips should be issued in order and voided receipt slips should be properly defaced and retained.

- C. Some cases are not reported on the court docket. In addition, the Municipal Judge does not sign the court dockets.

Section 479.070, RSMo 1994, requires the proceeding for every case commenced before the court to be entered on the docket, along with the ultimate disposition of the case. To ensure the proper disposition of all cases has been entered in the court records, the judge should sign the dockets after reviewing to ensure their propriety.

- D. The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities). A bond ledger indicating date and amount of receipt and date of disbursement is necessary to ensure proper accountability over bonds. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities.
- E. The municipal division allows defendants to make partial payments on fines and court costs. However, procedures have not been established to properly account for partial payments received and balances due. Defendants are required to sign a payment agreement form to document the amounts due and establish a payment schedule. However, partial payments received are not documented on the payment agreement forms. In addition, cases with balances due are not maintained on a balance due docket or other summary listing which can be reviewed by the Municipal Judge on a periodic basis.

Periodic supervisory review of balances due and adequate documentation of partial payments received are necessary to ensure that all amounts due are collected or that appropriate follow up action is taken.

- F. Fines and court costs received are not properly turned over to the city. Instead, some monies are retained in the municipal division's bank account and are used to pay various court expenses, including salaries of the Judge and office supplies. Section 479.080, RSMo 1994, states that all fines and court costs shall be paid to and deposited monthly into the city treasury. All court expenses should be approved by the board of aldermen and paid by the city.
- G.1. The municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date. A schedule listing the offenses which may be paid prior to court and the amount of fines and costs to be imposed for each offense has been posted at the TVB. However, a court order has not been issued to formally establish the TVB and the fine and cost schedule.
- Section 479.050 RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule the amount of fines and court costs to be imposed for each offense.
2. Amounts collected by the Court Clerk at the TVB do not always agree to the fine and cost schedule. The Court Clerk does not have the authority to impose fines and costs except in those offenses and amounts established by the Municipal Judge in the TVB schedule. The Court Clerk should ensure that amounts collected at the TVB agree with the fine and cost schedule established by the judge.
- H. During the audit period, the Court Clerk did not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo 1994, requires the Court Clerk to prepare a monthly listing of all cases heard in court or prepaid at the TVB, including all fines and court costs collected, to be verified by the clerk or Municipal Judge and filed with the city's governing body.
- I. The Police Chief collects fines, costs, and bonds. However, this individual is not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.
- J. Complaint forms issued by the police department for nontraffic ordinance violations are not prenumbered. To ensure all complaint forms are properly accounted for and processed through the court, complaint forms should be prenumbered and the ultimate disposition of each form should be documented.
- K. The municipal division did not always forward required records of convictions on traffic offenses to the MSHP. In August 1998, we reviewed 60 tickets issued during the two years ended June 30, 1998; 18 of the 44 tickets which should have been filed with the MSHP had not been filed. Section 302.225, RSMo 1994, requires records of any pleas or findings of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.
- L. Formal bank reconciliations are not prepared for the municipal division's bank account. In addition, a running checkbook balance is not recorded in the check

register. As a result, the municipal division cannot ensure the amounts held for open bonds and the amounts turned over to the city each month are proper.

Monthly bank reconciliations are necessary to ensure accounting records are in agreement with the bank account and to detect errors on a timely basis. Maintaining a running checkbook balance ensures sufficient funds are available for disbursements.

Conditions similar to parts A-D. and I-K. were also noted in our prior audit report.

WE RECOMMEND the municipal division:

- A. Establish a documented periodic review of municipal division records by an independent person.
- B. Issue receipt slips for all monies as they are received and reconcile the composition of receipt slips issued to the composition of bank deposits. In addition, receipt slips should be issued in order and voided receipt slips should be properly defaced and retained.
- C. Include all cases and the disposition of each case on the court docket as required by state law. The Municipal Judge should review and sign the court dockets to indicate approval of all recorded dispositions.
- D. Maintain a bond ledger, prepare monthly listings of open items, and reconcile those listings to the monies held in trust.
- E. Establish a balance due docket or other summary listing which can be reviewed by the Municipal Judge on a periodic basis, and ensure adequate documentation is maintained of partial payments received.
- F. Ensure fines and court costs received are turned over to the city, and discontinue paying court expenses from the municipal division bank account.
- G.1. Prepare a court order to authorize the establishment of a TVB and a fine and cost schedule.
 - 2. Ensure amounts collected at the TVB agree with the fine and cost schedule established by the judge.
- H. Prepare monthly reports of court actions, including fines and costs collected, and file these with the city's governing body in accordance with state law.
- I. Request the city obtain bond coverage for all persons handling municipal division monies.
- J. Request the city obtain prenumbered complaint forms, and work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each complaint form.

K. Forward records of conviction on traffic offenses to the MSHP as required by state law.

L. Prepare monthly bank reconciliations and maintain a running checkbook balance.

AUDITEE'S RESPONSE

The Municipal Judge provided the following response:

- A. *I will request that a periodic review of municipal division records be made by an independent person.*
- B. *Receipt slips for all monies will be issued as they are received and a reconciliation made of receipts issued to the composition of bank deposits. Receipt slips shall be issued in order and voided receipt slips shall be properly defaced and retained.*
- C. *All cases and dispositions of each case shall be included on the court docket as required by state law. I will review and sign the court docket to indicate approval of all recorded dispositions.*
- D. *A bond ledger is now being maintained. Monthly listings of open items, and a reconciliation of those listings to monies held in trust are also being maintained.*
- E. *A summary listing of the balance due on each docket is being established. This listing will be reviewed by me on a periodic basis. Documentation of partial payments is now being maintained.*
- F. *Fines and court costs are being turned over to the city. No further court expenses will be paid from the municipal division court account.*
- G.1. *A court order to authorize the establishment of a TVB and a fine and costs schedule will be prepared.*
 - 2. *Amounts collected at the TVB will agree with the fine and cost schedule established by me.*
- H. *Monthly reports of court actions, including fines and costs collected, are filed with the city's governing body in accordance with state law.*
- I. *The request for all persons handling municipal division monies to be bonded has been discussed with the city officials. Presently the Court Clerk and I are bonded; the city's police are not.*
- J. *Prenumbered complaint forms have been ordered. The court will work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each complaint form.*
- K. *All records of convictions on traffic violations will be forwarded to the MSHP as required by state law.*

L. A monthly bank reconciliation and a running checkbook balance are now being maintained.

This report is intended for the information of the management of the city of Howardville Municipal Division of the Thirty-Fourth Judicial Circuit and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the city of Howardville Municipal Division on recommendations made in the Management Advisory Report (MAR) of our report on the Thirty-Fourth Judicial Circuit Municipal Divisions issued for the two years ended December 31, 1992. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the municipal division should consider implementing these recommendations.

City of Howardville Municipal Division

- A. The duties of receiving, recording, and depositing monies were not adequately segregated.
- B.1. Receipts were not deposited on a timely basis.
 - 2. The Police Chief did not issue receipt slips for bond monies.
 - 3. Receipt slips were not issued in numerical sequence.
- C. 1. A bond ledger was not maintained.
 - 2. Monthly listings of open items were not prepared.
- D.1. Neither the police department nor the municipal division maintained adequate records to account for the numerical sequence of traffic tickets assigned to and issued by officers and their ultimate disposition.
 - 2. Ticket books were not assigned to officers in numerical sequence.
 - 3. Summons/complaint forms issued for non-traffic violations were not prenumbered.
- E. The Police Chief handled court monies but was not bonded.
- F. Some cases were not included on court dockets.
- G.1 CVC and LET fees were improperly assessed on non-moving traffic violations.
 - 2. LET fees were not assessed on some non-traffic ordinance violations.
 - 3. Procedures were not adequate to ensure all CVC fees due to the state were remitted.
- H. The municipal division collected court costs of \$19 per case.
- I. Some records of conviction were not forwarded to the MSHP.

Recommendations:

The city of Howardville Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B.1. Deposit receipts daily or when accumulated receipts exceed \$100.
- 2&3. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
- C.1. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances.
 - 2. Prepare monthly listings of open items (liabilities) and reconcile these listings to monies held in trust by the city.
- D.1. Work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.
 - 2. Request the police department to assign all traffic tickets in numerical sequence.
 - 3. Obtain and use prenumbered summons/complaint forms for non-traffic ordinance violations and account for the numerical sequence of those summons/complaint forms.
- E. Request the city to consider obtaining bond coverage for all individuals handling court monies.
- F. Prepare and retain court dockets listing all cases commenced before the court and the disposition of those cases.
- G.1
& 2. Collect the \$5 CVC fee and the \$2 LET fee on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, in accordance with state law.
 - 3. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.
- H. Collect court costs of only \$12 as allowed by state law.
- I. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law. In addition, court files should be reviewed for applicable tickets that should be forwarded to the MSHP.

Status:

A,C,
D.3,
E,F

& I. Not implemented. See MAR No 2.

B.1. Deposits were made in a timely manner during the year ended June 30, 1997. Procedures declined during the year ended June 30, 1998. Although not repeated in the current MAR, our recommendation remains as stated above.

B.2

&3. Partially implemented. The Police Chief issues receipt slips for all monies received. However, the numerical sequence of receipt slips is not properly accounted for. See MAR No. 2.

D.1,
D.2,
G.1,
G.2

& H. Implemented.

G.3. CVC fees were remitted to the state on a monthly basis prior to July 1997. CVC fees collected between July 1997 and May 1998 were not remitted to the state which helped to conceal the misappropriation of court monies discussed in MAR No. 1. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HOWARDVILLE, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

The city of Howardville Municipal Division is one of twenty municipal divisions within the Thirty-Fourth Judicial Circuit, which includes New Madrid and Pemiscot counties. The Honorable Fred Copeland serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo 1994, and by Supreme Court Rule No. 37 titled "Ordinance Violations and Traffic Violations Bureau (TVB)." Section 479.050, RSMo 1994, provides that each municipal division may establish a TVB in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited into a court bank account and are transmitted by check to the city treasury and state periodically. Court is held twice per month. A TVB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge* Clois Taylor
Court Clerk** Vanessa Frazier

* Earnestine Jackson served as Municipal Judge prior to June 1998.

** Mary Brockman served as Court Clerk from July 1996 through June 1997. Vanessa Frazier was appointed in June 1997 and was terminated in July 1998. Kelly Mann was appointed in July 1998 and resigned in October 1998. Latiece Jackson was appointed in October 1998 and resigned in February 1999.

Caseload Information

	<u>Year Ended June 30,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	501	86