



Claire McCaskill
Missouri State Auditor

May 2005

Seventeenth Judicial Circuit

Johnson County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

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During our audit of the Seventeenth Judicial Circuit, Johnson County, Missouri, we identified certain procedures which we believe could be improved.

Reconciliation procedures for the civil account need to be improved, and both the civil and criminal open items listings need to be reviewed for inactive cases. Prior to January 2005, an open items listing had not been prepared for the civil account since January 2004. At our request, the Circuit Clerk prepared a December 31, 2004 listing of open items for the civil account, which exceeded the reconciled bank balance by \$3,600. This listing included approximately 700 cases and totaled over \$79,000. The criminal open items listing at December 31, 2004, had over 1,800 entries and totaled approximately \$90,000.

Receipts are not deposited timely. Additionally, a listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Associate Circuit Division has a similar finding. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

The Associate Circuit Division did not always document the Judge's approval of reductions in amounts due the court. Additionally, adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition.

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YELLOW SHEET

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Seventeenth Judicial Circuit
Johnson County, Missouri

We have audited certain operations of the Seventeenth Judicial Circuit, Johnson County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Johnson County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Seventeenth Judicial Circuit, Johnson County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 10, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Christopher Holder

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Circuit Clerk's Accounting Controls and Procedures
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Deposits were not always timely and an open items listing has not been consistently prepared for the civil account. The court has not made adequate efforts to review the status of old open items. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate.

- A. Receipts are not always deposited timely. Generally, deposits are made daily; however, we noted at least 15 deposits during February 2004 and August 2004 for the criminal account and 6 deposits for the civil account that had been held for periods ranging from two weeks to approximately 160 days before deposit.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- B. We noted the following concerns regarding open items for both the civil and criminal accounts:

1. Prior to January 2005, an open items listing had not been prepared for the civil account since January 2004. We requested the Circuit Clerk prepare a December 31, 2004 listing of open items for the civil account. This listing exceeded the reconciled bank balance by \$3,600.

In addition, the differences between the criminal open items listing and reconciled bank balance of the criminal account were not identified for February 2004 through December 2004. Our review of the criminal open items listing and the reconciled bank balance noted a difference of approximately \$1,000 in December 2004.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of errors and omissions.

2. The court has not made an effort to review the status of old open items. The civil open items listing at December 31, 2004, included approximately 700 cases and totaled over \$79,000. Approximately 110 of these civil

cases, with case balances totaling over \$7,000, had a balance which remained the same since December 2001, indicating they were inactive. The criminal open items listing at December 31, 2004, had over 1,800 entries and totaled approximately \$90,000.

According to the Circuit Clerk, a portion of these monies are due to the state for criminal cases in which the state was billed for reimbursement of costs and the defendant later made payments of costs to the county. The court's current procedures are not to refund any of these monies to the state until the defendant has paid the total amount due.

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to refund available monies deprives the state of the use of those monies.

- C. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When such costs occur, the Circuit Clerk's office sends a statement to the appropriate party requesting payment. If payment is not made, additional statements will be sent to the appropriate party's attorney. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Circuit Clerk:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B.1. Prepare monthly listings of open items and reconcile the listings to the cash balances for both the civil and criminal accounts.
 - 2. Along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases, and dispose of unclaimed monies in accordance with state laws.
- C. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Circuit Clerk stated:

- A. *"My policy is to make deposits daily and this is now being done."*
- B.1. *"I have identified all but approximately \$300 of the difference in the civil account. I have determined the causes of the differences in the criminal account and am working with the Office of the State Courts Administrator's Office (OSCA) to correct these system errors."*
- 2. *"I agree and am working to resolve these situations."*
- C. *"I agree, and with the implementation of the JIS system in the summer of 2005, our ability to monitor and collect accrued costs will be greatly improved."*

2. Associate Circuit Division's Procedures

- A. The court has not implemented adequate procedures to follow up on cash bonds held for more than one year. The December 31, 2003 balance in the bond account included 115 cash bonds totaling more than \$28,200 which had been held in excess of one year. In April 2004, the Associate Division Clerk turned over a total of \$21,500, including \$14,000 to the county for bonds ordered forfeited by the judge during 2001 through 2003, and \$5,300 to the state's Unclaimed Property Section for 28 bonds where the owners could not be located. A review of 6 of the remaining 16 bonds which have been held since at least December 31, 2001, revealed that one of the bonds had been ordered forfeited in 2003 and three others in 2001, but the court was still holding the monies as of December 2004. In addition, there were two cash bonds still being held although the case files indicated the defendants had failed to appear in court. The court should take action to forfeit these bonds.

An attempt should be made to determine the proper disposition of these bonds. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and if monies should be paid over to the county treasury as provided by Section 479.210, RSMo. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo, requires cash bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- B. The Associate Division's policy is to accept amounts received for traffic cases as full payment even if the amount received is more or less than \$5 of the actual amount due. While the Associate Circuit Judge indicates that he approves every such instance, his approval is not documented.

To ensure court costs and fines are properly collected, payment should be collected in accordance with established fines and court costs schedules. Any exceptions should be documented and approved by the judge.

- C. A listing of accrued costs owed to the court is not maintained by the Associate Circuit Division and monitoring procedures related to accrued costs are not adequate. Court dates are set for the collection of accrued case costs and warrants will be issued for failures to pay. The Associate Division Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Associate Division Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Associate Circuit Division to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

- D. The Associate Division Clerk could not locate two out of 109 case files requested for review. The court's accounting system indicated that fees and costs had been assessed, but no balance was due for these two cases. However, there was not a corresponding computer transaction showing payment being received nor could payment be located on the receipt records. We were unable to determine if any fees or costs were actually received by the court for these two cases and the case files have not been located.

Case files include all relevant information related to court cases, and they should be properly controlled and filed to ensure that they are readily accessible when needed.

- E. Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. The Sheriff's department maintains a computerized log of the tickets written by each deputy; however, the log is not sorted by ticket number and the numerical sequence of traffic tickets issued is not accounted for properly.

Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Associate Circuit Division to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly. It appears with some modifications and the addition

of the disposition of each ticket by the court, the Sheriff department's log could provide the court with the necessary information to account for all tickets.

WE RECOMMEND the Associate Circuit Division:

- A. Implement adequate procedures to follow up on cash bonds and dispose of them in accordance with state law.
- B. Require written approval from the Associate Circuit Judge for payments accepted as payments in full.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- D. Make an effort to find the case files which could not be located. In addition, the court should ensure the case files are properly controlled and filed so they are accessible when needed.
- E. Work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition of tickets.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *This recommendation is being implemented to see that bonds are paid over more timely.*
- B. *We are implementing this recommendation. The Judge's signature will be obtained in the future. The procedures have been followed except that the Judge's signature has not been obtained in all cases.*
- C. *We feel no changes need to be implemented. We are already collecting all costs owed to the court. All cases remain on an active docket until all costs are disposed. Warrants are issued for individuals who do not return to court to pay costs as directed. The collection of all court costs is thoroughly monitored.*
- D. *We are implementing the recommended procedures. The clerks have spent a large amount of time to locate these two missing cases. Any missing file is of great concern to the court.*
- E. *We are not implementing this recommended procedure. This is something that comes up every time we have an audit of this court and every other court in the state. The court has neither the means nor the authority to follow up on tickets written but not filed with the Prosecuting Attorney or the Prosecuting Attorney does not file with the court.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Seventeenth Judicial Circuit, Johnson County, Missouri, on the finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997.

Circuit Clerk's Accounting Controls and Procedures

At December 31, 1997, the civil account balances exceeded the monthly listings of open items (liabilities) by \$4,847.

Recommendation:

The Circuit Clerk attempt to identify to whom the \$4,847 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

Status:

Partially implemented. The December 2003 open items listing had an unidentified amount of only \$42. The December 2004 civil open items listing exceeded the reconciled bank balance by \$3,600, and the criminal open items listing for September 2004 shows approximately \$1,000 as an unidentified difference. See MAR finding number 1.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Seventeenth Judicial Circuit consists of Johnson County as well as Cass County.

The Seventeenth Judicial Circuit consists of two circuit judges and four associate circuit judges. The circuit judges hear cases throughout the circuit. One judge, elected biennially by secret ballot of the circuit and associate judges, serves as the presiding judge and is responsible for the administration of the circuit. Of the four associate judges, two are located in Johnson County and preside over the Associate Circuit Court and the Probate Division Court. The other two associate circuit judges are located in Cass County.

In addition to the judges, the Seventeenth Judicial Circuit, Johnson County personnel include a circuit clerk, an associate division clerk, a probate division clerk, eleven deputy clerks, five deputy juvenile officers, two court reporters, a juvenile office secretary, and approximately ten detention center employees.

Circuit personnel located in Cass County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the circuit court, court reporter, and juvenile office, including the juvenile detention center are paid for by the two counties within the circuit, which is split equally between the counties. The salaries of all the court personnel and the juvenile office are paid by the state of Missouri.

Receipts

Receipts of the Seventeenth Judicial Circuit, Johnson County, were as follows:

Year Ended December 31,			
	2004	2003	2002
Court deposits, fees, bonds, and other	\$ 1,188,593	1,283,059	1,306,287
Interest income	2,540	2,055	6,124
Total	\$ 1,191,133	1,285,114	1,312,411

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Seventeenth Judicial Circuit, Johnson County, were as follows:

	Year Ended June 30,					
	2004		2003		2002	
	Filings	Dispositions	Filings	Dispositions	Filings	Dispositions
Civil	1,750	1,669	1,668	1,747	1,632	1,321
Criminal	5,610	5,859	6,698	6,598	6,318	6,401
Juvenile	306	140	302	114	149	116
Probate	77	73	74	68	84	71
Total	7,743	7,741	8,742	8,527	8,183	7,909

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2004, statistics on the compliance of the Seventeenth Judicial Circuit, Johnson County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Seventeenth Judicial Circuit Johnson County, Missouri	State Total
Circuit Civil	90 % in 18 months	66 %	78 %
	98 % in 24 months	72	87
Domestic Relations	90 % in 8 months	75	85
	98 % in 12 months	81	91
Associate Civil	90 % in 6 months	95	86
	98 % in 12 months	99	97
Circuit Felony	90 % in 8 months	80	82
	98 % in 12 months	88	91
Associate Criminal	90 % in 4 months	80	73
	98 % in 6 months	92	85

Personnel

At December 31, 2004, the judges, Circuit Clerk, and Juvenile Officer of the Seventeenth Judicial Circuit, Johnson County, were as follows:

Jacqueline Cook, Circuit Judge, Division I
 Joseph P. Dandurand, Presiding Circuit Judge, Division II
 Stephen W. Angle, Associate Circuit Judge
 Garrett R. Crouch II, Associate Circuit Judge, Probate Division
 Stephanie Elkins, Circuit Clerk *
 Douglas Oyer, Juvenile Officer

* Linda Rankin resigned as Circuit Clerk effective February 29, 2004. Stephanie Elkins was appointed Circuit Clerk on March 1, 2004.

An organization chart follows.

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2004

