



Susan Montee, CPA

Missouri State Auditor

August 2007

Twelfth Judicial Circuit

City of Mexico, Missouri
Municipal Division



Office of
Missouri State Auditor
Susan Montee, CPA

August 2007

The following finding was noted as a result of an audit conducted by our office of the Twelfth Judicial Circuit, City of Mexico, Missouri Municipal Division.

The city of Mexico Municipal Division is within the Twelfth Judicial Circuit, which consists of Audrain, Montgomery, and Warren Counties. The Honorable Keith Sutherland serves as Presiding Judge.

The audit found the method of payment is not consistently indicated on receipt slips. Some of the receipt slip copies maintained by the Court Clerk did not indicate the method of payment and it appears the copy of the receipt slip maintained by the City Clerk's office was sometimes updated to correctly reflect the composition of the deposit. To adequately account for collections, the method of payment should be noted on the receipt slips when the slips are initially prepared. This recommendation has already been implemented by the court.

Bond forms are not pre-numbered. To ensure all bonds are accounted for and deposited, pre-numbered bond forms should be used. The court is reviewing this recommendation.

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YELLOW SHEET

TWELFTH JUDICIAL CIRCUIT
CITY OF MEXICO, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Twelfth Judicial Circuit
and
Municipal Judge
Mexico, Missouri

We have audited certain operations of the city of Mexico Municipal Division of the Twelfth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended September 30, 2006. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Review certain receipts.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, 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 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 work for this audit was substantially completed by July 2007.

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 the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our finding arising from our audit of the city of Mexico Municipal Division of the Twelfth Judicial Circuit.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

| | |
|---------------------|---------------------------------|
| Director of Audits: | Kenneth W. Kuster, CPA |
| Audit Manager: | Peggy Schler, CPA |
| In-Charge Auditor: | Terri Erwin |
| Audit Staff: | Terese Summers, CPA Liang Xu |

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWELFTH JUDICIAL CIRCUIT
CITY OF MEXICO, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Accounting Controls and Procedures

The method of payment is not consistently indicated on receipt slips and bond forms are not pre-numbered.

- A. The method of payment (cash, check, and money order) is not consistently indicated on receipt slips. Triplicate receipt slips are issued by the City Clerk's office for monies collected for fines, court costs, and bond receipts. One copy is given to the payee, one copy is provided to the Court Clerk, and one copy is maintained by the City Clerk's office. Some of the receipt slip copies maintained by the Court Clerk did not indicate the method of payment, and it appears the copy of the receipt slip maintained by the City Clerk's office was sometimes updated to correctly reflect the composition of the deposit.

To adequately account for collections and reduce the risk of loss or misuse of funds, the method of payment should be noted on the receipt slips when the receipt slips are prepared and the composition of collections should be reconciled to bank deposits.

- B. Bond forms are not pre-numbered. Although pre-numbered receipt slips are issued for bond monies, to ensure all bonds are accounted for and deposited, pre-numbered bond forms should be used and the numerical sequence accounted for properly.

WE RECOMMEND the city of Mexico Municipal Division:

- A. Request the city indicate the method of payment on each receipt slip when issued and reconcile total cash, check, and money orders received and noted on the receipt slips to the composition of bank deposits.
- B. Along with the Police Chief, obtain and issue pre-numbered bond forms for all bonds received and ensure all bond forms are accounted for properly.

AUDITEE'S RESPONSE

The Municipal Judge and Assistant City Manager provided the following responses:

- A. *The recommendation has been implemented. Method of payment has been indicated on receipt slips, as they are delivered to the cashier; however, some portions of the carbon three-part forms did not indicate the method of payment through an oversight.*

- B. *The recommendation is being reviewed. Since bonds can be posted at times other than normal business hours of the Finance Department, logistics, tracking, and additional control issues will need to be reviewed prior to implementing a pre-numbered bond system. Currently bonds issued are documented by other identifying information such as a three-part receipt number and specific information unique to the person receiving the bond.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWELFTH JUDICIAL CIRCUIT
CITY OF MEXICO, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Mexico Municipal Division is within the Twelfth Judicial Circuit, which consists of Audrain, Montgomery, and Warren counties. The Honorable Keith Sutherland serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) 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.

Personnel

| | |
|------------------------|---------------|
| Municipal Judge | Robert Fenlon |
| Court Clerk | Amy Deihl |
| Assistant City Manager | Roger Haynes |
| City Clerk/Collector | Donna Barnes |

Financial and Caseload Information

| | <u>Year Ended September 30,</u> | |
|-------------------------|---------------------------------|-------------|
| | <u>2006</u> | <u>2005</u> |
| Receipts | \$53,520 | 59,460 |
| Number of cases filed | 946 | 957 |
| Parking tickets issued* | 519 | 399 |

* The number of 2005 parking tickets issued does not include tickets issued from October to December 2004.