



Susan Montee, CPA

Missouri State Auditor

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September 2007

Fourteenth Judicial Circuit

City of Fayette, Missouri  
Municipal Division



Office of  
Missouri State Auditor  
Susan Montee, CPA

September 2007

An audit was conducted by our office of the Fourteenth Judicial Circuit, city of Fayette, Missouri Municipal Division.

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The city of Fayette Municipal Division is within the Fourteenth Judicial Circuit, which consists of Howard and Randolph Counties. The Honorable Scott Hayes serves as Presiding Judge.

Checks and money orders are not restrictively endorsed until the deposits are prepared and monies received are not always deposited in a timely manner. To reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and monies should be deposited in a timely manner, preferably daily. In addition, a monthly listing of liabilities is not prepared and bond monies are refunded to individuals other than the person who originally posted the bond. Also, neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition.

Two different ledgers showing the total amounts owed by defendants to the municipal division are maintained, rather than one comprehensive control ledger. The first ledger, an electronic listing from the computer system, indicated 148 defendants owing approximately \$17,800 as of July 2007. The second ledger, a manual listing, included only 38 defendants as of July 2007, and the amount owed could not be determined.

Fines and court costs are not paid to the city treasury monthly, and the Court Clerk does not file a monthly report with the city of all cases heard in court, as required by state law.

**All reports are available on our website: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

YELLOW SHEET

FOURTEENTH JUDICIAL CIRCUIT  
CITY OF FAYETTE, MISSOURI  
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

Presiding Judge  
Fourteenth Judicial Circuit  
and  
Municipal Judge  
Fayette, Missouri

We have audited certain operations of the city of Fayette Municipal Division of the Fourteenth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended June 30, 2007. 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 Fayette Municipal Division of the Fourteenth 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: Randall Gordon, CPA, CGAP  
In-Charge Auditor: Terri Erwin  
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James Samek

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

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

**Accounting Controls and Procedures**

Checks and money orders are not restrictively endorsed until the deposits are prepared, and monies received are not always deposited in a timely manner. A monthly listing of open items is not prepared, bond monies are refunded to individuals other than the person who originally posted the bond, and neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition. A comprehensive control ledger showing the total amounts owed by defendants is not maintained. Fines and court costs are not paid to the city treasury monthly, and the Court Clerk does not file a monthly report with the city of all cases heard in court.

- A. The following concerns relating to receipts were noted:
1. Checks and money orders are not restrictively endorsed until the deposits are prepared. To reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
  2. Monies received are not always deposited in a timely manner. Monies are normally collected each day, but deposits are usually made only two times per month. For example, two deposits totaling \$4,369 were made during March 2007, of which \$2,042, or 47 percent, was cash. To reduce the risk of loss, theft, or misuse of funds, monies should be deposited in a timely manner, preferably daily.
- B. A monthly listing of open items (liabilities) is not prepared. The City Administrator indicated she reviews open items while performing the bank reconciliation; however, a formal open items listing is not prepared. Without proper documentation to support this review, the municipal division cannot ensure this review is being conducted.

Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. Any discrepancies or fluctuations should be promptly investigated.

- C. Bond monies are refunded to individuals other than the person who originally posted the bond. Cash bonds are deposited into the municipal division bank account and held by the Court Clerk until disposition of the case. If fines and



court costs are assessed, the person who posted the bond can apply the amount of fines and court costs against the cash bond. Refunds from bond deposits are disbursed by check. We noted one instance where a \$750 bond was refunded to an acquaintance of a defendant although the defendant posted the bond. The Court Clerk indicated that the defendant was present when the money was refunded and agreed to the refund. However, there was no record of this agreement in the case file. In another case a \$40 bond was refunded to a defendant; however, the defendant did not post the bond initially and there was no agreement indicating the refund should go to the defendant.

Bond refunds should be made to the individuals who originally posted the bonds. Documentation should be maintained of any agreements to refund the monies to the defendant or someone else instead of the individual who posted the bond.

- D. Neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition. A ticket book is assigned to each police car and officers issue tickets from the book assigned to each police car. No log is maintained to provide ticket issuance information.

Without a proper accounting for the numerical sequence and ultimate disposition of traffic tickets, the police department and the municipal division cannot be assured that all tickets assigned and issued are properly submitted to the division. A log listing ticket books assigned, each ticket number, the date issued, and the violator's name would ensure all tickets issued are submitted to the division for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly.

- E. A comprehensive control ledger showing the total amounts owed by defendants to the municipal division is not maintained. Defendants are allowed to pay fines and court costs over a period of time, but instead of one ledger, two different subsidiary ledgers are maintained. These two ledgers show the amounts due, payments made, and the balance for each defendant who owes money to the municipal division. The first ledger is an electronic listing from the computer system which indicated 148 defendants owing approximately \$17,800 as of July 2007. The second ledger is a manual listing which included only 38 defendants as of July 2007, and the amount owed could not be determined. In addition, some names from the manual listing were not included on the electronic listing. Two separate ledgers could lead to confusion or payments being posted incorrectly.

One complete and comprehensive control (or summary) ledger showing the total amounts owed by defendants would allow the municipal division to properly monitor the amounts due and ensure deferred payments are processed correctly.

- F. Fines and court costs are not paid to the city treasury monthly, and the Court Clerk does not file a monthly report with the city of all cases heard in court. Fines and court costs, totaling \$7,390, collected during June, July, and August 2006, were not distributed to the proper entities until October 2006. In addition, the Court Clerk is required to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the clerk or Municipal Judge, and filed with the City Administrator. This listing should indicate information such as the defendant's name, any fine imposed, the amount of court costs, and whether there was an application for a trial de novo (an application for a new trial before another judge). We noted that the Court Clerk's report has only provided the City Administrator with a listing of the fines and court costs collected.

Section 479.080, RSMo, states that all fines and court costs shall be paid to and deposited monthly into the city treasury, and requires the Court Clerk to prepare a monthly listing of all cases heard in court.

**WE RECOMMEND** the city of Fayette Municipal Division:

- A.1. Restrictively endorse checks and money orders immediately upon receipt.
2. Deposit all monies on a timely basis, preferably daily.
- B. Prepare and maintain monthly listings of open items to document the reconciliation of these listings to monies held in trust.
- C. Refund bonds to the individual who posted the bond, unless written authorization to refund otherwise is documented in the case file.
- D. Work with the police department to implement the necessary procedures and records to account for the numerical sequence of all tickets issued and their ultimate disposition.
- E. Maintain a comprehensive control ledger of the amount owed by defendants to properly monitor the total amount due and ensure deferred payments are processed correctly.
- F. Pay all fines and court costs collected to the city treasury at least monthly. In addition, the Court Clerk should prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.

## **AUDITEE'S RESPONSE**

*The Municipal Judge and Court Clerk provided the following responses:*

- A.1. Agree. Now, we are more aware of this and we are stamping the checks immediately when received.*
- 2. Agree. Deposits will be more timely as we will begin to deposit weekly or when cash is over \$250.*
- B. Agree. We will give a copy of the bond ledger to the City Administrator monthly to include with the bank reconciliation.*
- C. Agree. We will be more aware of individuals who post bond and, if instructed by the individual to refund to another individual, we will have a written form for the individual to sign.*
- D. Thank you for the recommendation. Not all tickets written by the Fayette Police Department are processed in Municipal Division, instead some tickets are certified and processed in the State division (Howard County Circuit Court). Voided ticket copies are kept in the court records or in the Police Department. We will discuss this issue with the Police Chief.*
- E. Agree. We will attempt to merge the manual list and the computer list to be aware of the amount due to the court from individuals on time pay. We will also provide the manual time pay list for the Judge to review, and will provide the manual and computer generated listing (which should be the same) to the City Administrator. We will be in compliance with these reports by December 17, 2007.*
- F. Agree. We only had one incident where we mistakenly did not write checks to the city for the monthly receipts. Currently, we give the city a report of funds received and distributed monthly. We will prepare a listing for the city of cases heard and will attempt to be in compliance after the court session on November 6, 2007.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

FOURTEENTH JUDICIAL CIRCUIT  
CITY OF FAYETTE, MISSOURI  
MUNICIPAL DIVISION  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Fayette Municipal Division is within the Fourteenth Judicial Circuit, which consists of Howard and Randolph counties. The Honorable Scott Hayes 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	David Dimond
Court Clerk	Lisa Asbury
City Administrator	Robin Overstreet

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$38,370	30,270
Number of cases filed*	226	239

\*Certain cases not included in case number count.