



Susan Montee, CPA

Missouri State Auditor

November 2007

Thirteenth Judicial Circuit

City of Centralia, Missouri
Municipal Division



Office of
Missouri State Auditor
Susan Montee, CPA

November 2007

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

The city of Centralia Municipal Division is within the Thirteenth Judicial Circuit, which consists of Boone and Callaway counties. The Honorable Gene Hamilton serves as Presiding Judge.

Although the municipal division maintains a listing of bonds collected and disbursed, bond liabilities are not reconciled monthly to the city's records of bond monies held in trust.

The municipal division provides prenumbered bond forms to the Centralia Police Department for use in documenting bonds received. However, neither the police department nor the municipal division account for the numerical sequence of the bond forms. In addition, neither the police department nor the municipal division adequately account for the numerical sequence and ultimate disposition of tickets issued.

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YELLOW SHEET

THIRTEENTH JUDICIAL CIRCUIT
CITY OF CENTRALIA, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Thirteenth Judicial Circuit
and
Associate Circuit Judge
Centralia, Missouri

We have audited certain operations of the city of Centralia Municipal Division of the Thirteenth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended March 31, 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 August 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 Centralia Municipal Division of the Thirteenth 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:	Jeannette Eaves, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Terese Summers, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

THIRTEENTH JUDICIAL CIRCUIT
CITY OF CENTRALIA, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

Accounting Controls and Procedures

The numerical sequence of bond forms is not accounted for and bond open items are not reconciled to the city's records. In addition, neither the police department nor the municipal division adequately account for the numerical sequence and ultimate disposition of tickets issued.

A. The following concerns relating to bonds were noted:

1. The municipal division provides prenumbered bond forms to the Centralia Police Department for use in documenting bonds received. However, neither the police department nor the municipal division account for the numerical sequence of bond forms.

To adequately safeguard bond receipts and reduce the risk of loss or misuse of funds, the numerical sequence of bond forms should be accounted for.

2. Bond monies received by the municipal division are transmitted to the city for deposit into the city's General Fund. Although the municipal division does maintain a listing of bonds collected and disbursed, bond open items (liabilities) are not reconciled monthly to the city's records of bond monies held in trust.

As of March 31, 2007, we identified approximately \$1,400 in bond open items using the municipal division's bond listing. In comparison, the city's records identified a balance of approximately \$700, which is \$700 less than the open items list. The Court Clerk indicated that in the past, bonds were not tracked very well; however, the court is in the process of improving bond records and reconciliations.

Reconciliation of bond open items to city records on a monthly basis is necessary to ensure proper accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities.

- B. Neither the police department nor the municipal division adequately account for the numerical sequence and ultimate disposition of tickets issued. The police department maintains a log of ticket books assigned to officers and a copy of each ticket issued is maintained in a case file. However, the cases are filed by

defendant name and no records are maintained to track the numerical sequence of tickets issued or to record the ultimate disposition of all tickets. In addition, the municipal division records each ticket received from the police department; however, the numerical sequence is not reviewed.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured that all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the defendant's name would ensure all tickets issued are submitted to the municipal 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.

WE RECOMMEND the city of Centralia Municipal Division:

- A.1. Work with the police department to ensure records are maintained to account for the numerical sequence of bond forms.
2. Reconcile monthly listings of bond open items to monies held in trust by the city.
- B. 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.

AUDITEE'S RESPONSE

The Associate Circuit Judge, the Assistant to the Court Administrator, and the Court Clerk provided the following responses:

- A.1. *The court has established a system to account for the numerical sequence of bond forms.*
2. *The court has established a system which will allow them to account for bond monies, and which will account for those monies still being held in trust by the city.*
- B. *Judge Schneider is planning to meet with the prosecutor and the police chief to discuss the issue of accounting for all traffic ticket numbers. This meeting is currently scheduled for November 14.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTEENTH JUDICIAL CIRCUIT
CITY OF CENTRALIA, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
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The city of Centralia Municipal Division is within the Thirteenth Judicial Circuit, which consists of Boone and Callaway counties. The Honorable Gene Hamilton 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, the county, or the state of Missouri, as applicable.

Personnel

Associate Circuit Judge	Leslie Schneider*
City Clerk/City Collector/Court Clerk	Kathy Colvin
Assistant Court Clerk	Heather Lockett

* Christopher Kelly served as the Associate Circuit Judge prior to January 2007. Carol England served as the Associate Circuit Judge from January 2007 to April 2007.

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$ 80,970	64,940
Number of cases filed	1,202	789