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Missouri State Auditor

Thirty-Eighth Judicial Circuit

City of Hollister Municipal Division

June 2008

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Office of
Missouri State Auditor
Susan Montee, CPA

June 2008

An audit was conducted by our office of the Thirty-Eighth Judicial Circuit, city of Hollister, Missouri Municipal Division.

Hollister municipal court monies need to be deposited more timely and bond monies collected by the Police Department need to be retrieved more often by the Court Clerk. Procedures to collect monies due the municipal division and procedures to follow up on cash bonds held for more than one year need improvement. The log of tickets issued is not always complete and some tickets could not be located. The municipal division has not implemented an adequate password system restricting access to the computer system, and the Municipal Judge does not always sign the court dockets.

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YELLOW SHEET

THIRTY-EIGHTH JUDICIAL CIRCUIT
CITY OF HOLLISTER
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Presiding Judge
Thirty-Eighth Judicial Circuit
and
Municipal Judge
Hollister, Missouri

We have audited certain operations of the city of Hollister Municipal Division of the Thirty-Eighth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the two years ended March 31, 2008. The objectives of our audit were to:

1. Determine if the municipal division has adequate internal controls over significant financial functions such as receipts.
2. Determine if the municipal division has complied with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of 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 instances of noncompliance significant to those 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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 our audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Hollister Municipal Division of the Thirty-Eighth 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:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie Lathrom, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTY-EIGHTH JUDICIAL CIRCUIT
CITY OF HOLLISTER
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Court Controls and Procedures

Court monies should be deposited more timely and bond monies collected by the Police Department need to be retrieved more often by the Court Clerk. Procedures to collect monies due the municipal division and procedures to follow up on cash bonds held for more than one year need improvement. The log of tickets issued is not always complete and some tickets could not be located. The municipal division has not implemented an adequate password system restricting access to the computer system, and the Municipal Judge does not always sign the court dockets.

- A. Court receipts collected by the Court Clerk are not always deposited on a timely basis. In addition, bonds collected by the Police Department and placed in the drop safe are not always retrieved timely by the Court Clerk. We noted instances where receipts were held five days before being deposited or retrieved by the Court Clerk.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited more timely.

- B. Procedures to collect monies due the municipal division on delinquent accounts need to be improved, and accounts receivable records need to be updated timely. The municipal division allows defendants to sign a payment plan agreement and pay fines and costs over a period of time. At March 31, 2008, municipal division records indicated an accounts receivable balance of approximately \$45,000. Several instances were noted where periodic payments as required by the payment plan agreements were missed and timely follow up action was not taken. We also noted one instance where the accounts receivable records were not updated for jail time served in lieu of payment.

To help maximize collections, the municipal division should institute procedures to improve the collection of amounts owed the division, such as establishing a continuous court docket system requiring a defendant to continue to appear before the court until amounts are paid in full. Additionally, updated accounts receivable listings are necessary to ensure proper and timely follow-up action is taken on amounts due the municipal division.

- C. The municipal division has not implemented adequate procedures to follow up on cash bonds held for more than one year. As of March 31, 2008, the court had 5

bonds totaling \$1,269 which have been held in excess of one year. One of the bonds dated back to 2003.

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 city 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.

- D. The court has established a log of tickets issued; however, the log is not always complete and some tickets could not be located. During the audit, four tickets selected for review could not be located, and information was not included on the log for these four tickets. Since the tickets and supporting documentation could not be reviewed, we could not determine the disposition of these tickets and whether they were properly reflected in the court's records.

To ensure the proper accounting and handling of all tickets, a complete ticket log should be maintained.

- E. The court does not have an adequate password system or procedures to restrict access to the computer system. Passwords are used, but passwords are not always kept confidential and are not changed periodically to ensure that they remain confidential.

Passwords should be unique, confidential, and changed periodically to reduce the possibility of unauthorized users, provide increased accountability, and provide an audit trail of transactions processed.

- F. The Municipal Judge does not always sign the court dockets after case dispositions are recorded. To ensure the proper disposition of all cases has been entered in the court records, the judge should sign the docket to indicate approval of the recorded disposition.

WE RECOMMEND the city of Hollister Municipal Division:

- A. Deposit court monies more timely, and ensure bond monies collected by the Police Department are retrieved daily by the Court Clerk.
- B. Establish timely follow up procedures on amounts due the court to maximize the collection of fines and court costs, and ensure updated accounts receivable records are maintained.
- C. Implement adequate procedures to follow up on bonds being held.

- D. Ensure a complete ticket log is maintained to account for the disposition of all tickets.
- E. Implement an adequate password system by ensuring passwords remain confidential and requiring passwords to be changed periodically.
- F. Require the Municipal Judge to sign the court dockets.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk indicated:

- A. *Court monies will be deposited on a more timely basis and bond monies collected by the Police Department will be retrieved on a daily work day basis.*
- B. *The accounts receivable list shows a balance of approximately \$45,000. Contempt of court warrants have been issued on a good portion of this amount. At this time the municipal software program does not break down the amount owed for active cases and cases that warrants have been issued on. We will start checking our time payment drawer monthly and we are working to implement a procedure to control the time payments to make sure we are receiving payments on a timely basis.*
- C. *We will work on implementing a written policy for bond payments that need to be sent to the state's Unclaimed Property Section.*
- D. *A complete ticket log will be maintained. The four tickets selected for review that could not be found have been misfiled and not logged. We will work on a better system to try to ensure this doesn't happen again.*
- E. *Because of limited staff, the Assistant City Clerk/Court Clerk is cross-trained as the assistant computer system administrator and has knowledge of everyone's computer password. In the future, when we establish a separate court clerk position, passwords will remain confidential.*
- F. *It is the policy of the court for the Judge to sign all court dockets and we will work harder to ensure all docket sheets are signed by the Judge.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTY-EIGHTH JUDICIAL CIRCUIT
CITY OF HOLLISTER
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Hollister Municipal Division is in the Thirty-Eighth Judicial Circuit, which consists of Christian and Taney counties. The Honorable Mark Orr 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

At March 31, 2008, the municipal division employees were as follows:

Municipal Judge	Randy Anglen
City Clerk/Court Clerk	Sheryl Brashear
Assistant City Clerk/Court Clerk	Bridget Epps

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Receipts	\$ 93,335	99,374
Number of cases filed	596	577