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Thirty-Eighth Judicial Circuit

City of Forsyth Municipal Division

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Office of
Missouri State Auditor
Susan Montee, CPA

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

Independent reconciliations of court receipts and deposits performed by the Forsyth City Clerk are not documented, and monies received are not always deposited in a timely manner. In addition, the municipal division does not maintain a comprehensive accounts receivable control ledger. Upon auditors' request, an accounts receivable listing was prepared by the Court Clerk that indicated approximately \$12,700 was due to the court as of May 2008. Also, the Municipal Judge does not always sign the court docket sheets after case dispositions are recorded.

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YELLOW SHEET

THIRTY-EIGHTH JUDICIAL CIRCUIT
CITY OF FORSYTH
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
Forsyth, Missouri

We have audited certain operations of the city of Forsyth Municipal Division of the Thirty-Eighth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the two years ended August 31, 2007. 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 Forsyth Municipal Division of the Thirty-Eighth Judicial Circuit.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

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Audit Manager:	Donna Christian, CPA, CGFM
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

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

Court Controls and Procedures

Court internal controls could be improved and monies are not always deposited timely. The municipal division does not maintain an accounts receivable control ledger and the Municipal Judge does not always sign the court docket sheets.

- A. Independent reconciliations of court receipts and deposits performed by the City Clerk are not documented. Since adequate personnel are not available to properly segregate duties related to the municipal division, the City Clerk and the Municipal Judge indicated they review the work performed by the Court Clerk; however, these reviews are not documented.

To adequately safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for. Any reviews performed the City Clerk or Municipal Judge should be documented.

- B. Monies received are not always deposited in a timely manner. Receipts are deposited approximately once per week and the deposit amounts have ranged from \$150 to over \$5,000. Some receipts were held as long as ten days before being deposited.

In addition, when a court payment is received in the form of both cash and check, the Court Clerk does not indicate the amount of cash and checks received. Therefore, the composition of moneys received cannot be reconciled from the receipt records to the composition of deposits in the city's bank accounts.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made more timely. Further, to reconcile the composition of receipts to the composition of bank deposits, the amount of cash and checks received should be documented in the receipt records.

- C. The municipal division does not maintain a comprehensive accounts receivable control ledger; rather, individual case files and receipt slips are used to identify balances due the court. Upon our request, an accounts receivable listing was prepared by the Court Clerk which indicated approximately \$12,700 was due to the court as of May 2008. A comprehensive accounts receivable ledger is necessary to provide increased accountability and to facilitate monitoring of amounts due to the court.

- D. The Municipal Judge does not always sign the court docket sheets 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 Forsyth Municipal Division:

- A. Ensure independent reviews of accounting and financial records are documented.
- B. Deposit all monies timely, and indicate the amount of cash and check received on all receipt slips and reconcile the composition of moneys received to the composition of deposits.
- C. Maintain a comprehensive accounts receivable control ledger to properly account for and monitor the amounts due the court.
- D. Require the Municipal Judge to sign the court docket sheets.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded:

- A. *The City Clerk now signs all deposit breakdowns in the cash journal at the time of review, and a review of all funds received by the court will continue on a timely fashion.*
- B. *Receipts are deposited as soon as time allows. Forsyth is a small city; therefore, other duties are performed by the Court Clerk. This is being reviewed by the City Clerk and Court Clerk as to workload and solutions. All receipts indicate type of funds received; where receipts are in more than one form, the amounts will also be noted in the receipt book.*
- C. *Previously tracking funds owed to the court was done using individual open case files. An accounts receivable journal is now being used by the Court Clerk in addition to the individual system.*
- D. *The Municipal Judge now signs the Court Docket at the time of his review.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

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

The city of Forsyth 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 August 31, 2007, the municipal division employees were as follows:

Municipal Judge	Eric Eighmy
Court Clerk	Glenda Collins

Financial and Caseload Information

	<u>Year Ended August 31,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$56,238	32,645
Number of cases filed	741	386