



Susan Montee, CPA  
Missouri State Auditor

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# Thirty-Ninth Judicial Circuit

## City of Aurora Municipal Division

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July 2008

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Office of  
Missouri State Auditor  
Susan Montee, CPA

July 2008

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

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Better controls and procedures are needed to account for monies collected by the municipal division, and more oversight is needed over the monitoring of amounts due to the municipal division, as the amount of unpaid fines and court costs has increased significantly during the last year. The Court Clerk does not file a monthly report of all cases heard with the city, access to the court's computer system is not adequately restricted, and backup disks are not stored at an off-site location. In addition, improvements are needed to account for bond monies collected by the Police Department and to account for traffic tickets.

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YELLOW SHEET

THIRTY-NINTH JUDICIAL CIRCUIT  
CITY OF AURORA  
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



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

Presiding Judge  
Thirty-Ninth Judicial Circuit  
and  
Municipal Judge  
Aurora, Missouri

We have audited certain operations of the city of Aurora Municipal Division of the Thirty-Ninth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the two years ended December 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 Aurora Municipal Division of the Thirty-Ninth 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  
Audit Staff: Jay Ross  
David Olson  
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

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

<b>1. Court Controls and Procedures</b>
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Better controls and procedures are needed to account for monies collected by the municipal division. In addition, improvement is needed over the monitoring of amounts due to the municipal division, as the amount of unpaid fines and court costs has increased significantly during the last year. The Court Clerk does not file a monthly report of all cases heard with the city, access to the court's computer system is not adequately restricted, and backup disks are not stored at an off-site location.

- A. Better reconciliation procedures are needed between amounts recorded and amounts deposited. The city collector's office accepts cash, checks, and money orders for payment of fines, court costs and bonds along with other city receipts. Payment information is recorded on a manual receipt slip and entered into the city's cash register system. While payment information from the cash register is agreed to the deposit, payment information from the manual receipt slips is not agreed to the deposit. We noted instances where the amount recorded on the manual receipt slips differed from the amount record in the cash register system. While differences were generally small, explanations for the differences were not documented. Also, the method of payment recorded on the manual receipt slip occasionally varied from the method posted to the cash register, and we noted instances when the method of payment was not recorded on the manual receipt slips.

To ensure all receipts are accounted for and deposited intact, the method of payment should be indicated on all receipt slips, and the amount and method of payment should be reconciled to the city's cash register system, and to the monies deposited into the city treasury.

- B. The numerical sequence of receipt slips is not accounted for properly and receipts are not always deposited intact. For example, some receipt slips were not issued in order and receipts were not always deposited in the order in which they were received. Also, the top copy of some voided receipt slips was not retained.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact and receipt slips should be issued in order. Also, voided receipt slips should be properly defaced and retained.

- C. The amount of unpaid fines and court costs owed to the municipal division has increased from \$50,848 to \$70,907 (about 39 percent) between December 2006



and December 2007, and better monitoring procedures over amounts due should be implemented. In October 2006, the municipal division increased fines substantially, and the Court Clerk believes this has led to an increase in unpaid amounts. However, accounts receivable information maintained by the Court Clerk is not regularly reviewed by the Municipal Judge to ensure amounts due are accurately reported and reasonable, and collection procedures are effective.

In May 2008, the court implemented the Justice Information System (JIS), a statewide automated records keeping system and plans to begin participating in the statewide debt collection system to increase collections of unpaid fines and costs. The Court Clerk and Municipal Judge should take steps to improve monitoring over the amounts due to the municipal division and ensure adequate steps are taken to maximize collections.

- D. The Court Clerk does not file a monthly report of all cases heard with the city. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge and filed with the city.
- E. Computer passwords are not changed on a periodic basis to ensure confidentiality, and backup disks are not stored at an off-site location.

Without procedures to periodically change passwords, there is less assurance that passwords effectively limit access to data files and programs to only those individuals who need access for completion of job responsibilities, and to reduce the possibility of unauthorized users.

Also, backup of computer information provides a means for recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original computer data. Backup disks should be maintained and stored off-site to provide increased assurance that court data can be recreated.

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

- A. Reconcile payment information recorded on receipt slips to the monies deposited to the city treasury. Also, the method of payment should be indicated on all receipt slips and the composition of receipt slips reconciled to the composition of monies deposited.
- B. Account for the numerical sequence of receipt slips and ensure receipts are deposited intact. Also, all copies of voided receipt slips need to be retained.
- C. Establish procedures to better monitor unpaid fines and court costs, and take steps to maximize collections.

- D. Prepare monthly reports of cases heard in court and file the reports with the city in accordance with state law.
- E. Ensure passwords are periodically changed and backup disks are stored in a secure, off-site location.

**AUDITEE'S RESPONSE**

*The Municipal Judge, Court Administrator, Police Chief, and City Collector provided the following responses:*

- A. *All clerical discrepancies will be noted on the final daily cash register report. The Court has implemented the Justice Information System which requires the payment type for all payments receipted into the system. The City Collector no longer deposits Court receipts into the City Treasury but into a separate account for the Court. The Collector's daily deposits are reconciled with the payments and payment types entered into the Justice Information System.*
- B. *Since the implementation of the Justice Information System, all Court receipts are deposited in a separate bank account with its own receipt system. This separates the Court receipts from the City receipts and allows for sequential receipts that are deposited in order. A copy of all receipts will be retained.*
- C. *The Court is participating in the statewide debt collection system, through the Justice Information System, to maximize collections. A monthly accounts receivable report will be provided to the Judge for review.*
- D. *The Office of State Courts Administrator is reviewing Section 479.080.3, RSMo and will be working towards creating a report through the Justice Information System that will comply with the law.*
- E. *The Court has implemented the Justice Information System which is an Internet based application. Files are maintained in Jefferson City and another secure location. Access to the system is synchronized through a RAS token, which changes the password every minute.*

<b>2. Bond Controls and Procedures</b>
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Improvements are needed to account for bond monies collected by the Police Department and to account for traffic tickets.

- A. The following concerns relating to bonds were noted:
  - 1. Bond monies collected by the Police Department are not transmitted to the city in a timely manner. The Police Department collects an average of

approximately \$4,000 per month in bond receipts and transmits these funds to the court approximately weekly. To adequately safeguard receipts, monies should be transmitted more often than once a week.

2. The Police Department issues prenumbered bond forms; however, the numerical sequence of the bond forms is not accounted for and some bond forms were not issued in order. To reduce the risk of loss, theft, or misuse of funds, and to provide assurance that all bond receipts are accounted for properly, procedures to account for the numerical sequence of bond forms should be established.
  3. Some copies of voided bond forms were not retained. To ensure that all bond receipts are properly accounted for, all copies of voided bond forms should be properly defaced and retained.
- B. The Police Department does not maintain records to account for the numerical sequence and ultimate disposition of traffic tickets issued. The Police Department maintains a log of ticket books assigned to officers; however, records accounting for the numerical sequence and showing the ultimate disposition for each ticket issued are not maintained.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the Police Department cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets as well as the ultimate disposition of each document.

**WE RECOMMEND** the city of Aurora Municipal Division, along with the Police Department:

- A.1. Transmit all bond monies timely.
  2. Establish procedures to account for the numerical sequence of bond forms.
  3. Retain all voided bond forms.
- B. Ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

**AUDITEE'S RESPONSE**

*The Municipal Judge, Court Administrator, Police Chief and City Collector provided the following responses:*

- A.1. *Effective immediately, bond money will be transferred from the Police Department's locked depository to the City Collector daily, Monday through Friday.*

2. *Employees responsible for the completion of bond forms shall insure all forms are issued in the proper numerical sequence. A log has been established for the issuing employee to sign and record the number of the form issued, thus fixing the responsibility for the proper issuance of the form.*
3. *A written directive has been issued and training has been provided to employees that issue bond forms regarding the proper handling and retention of voided bond forms.*

*Accountability – The Chief Dispatcher is responsible for monitoring bond procedures to ensure compliance.*

- B. *The Police Department's new Records Management System, operational in May 2008, has a Citation Module that tracks, by citation number, the disposition of each citation whether the citation is sent to City Court, State Court, or voided with proper approval.*

*It is believed that these new procedures and closer monitoring will eliminate the issues outlined in the state audit.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

THIRTY-NINTH JUDICIAL CIRCUIT  
CITY OF AURORA  
MUNICIPAL DIVISION  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Aurora Municipal Division is in the Thirty-Ninth Judicial Circuit, which consists of Barry, Lawrence, and Stone counties. The Honorable Robert S. Wiley 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 December 31, 2007, the municipal division employees were as follows:

Municipal Judge	Andy Hagar
Court Clerk	Donna Elery
City Collector	Sherri Gregory

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$ 93,279	105,006
Number of cases filed	845	790