



Susan Montee, JD, CPA
Missouri State Auditor

Eighth Judicial Circuit

City of Richmond Municipal Division

November 2009
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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

November 2009

The following findings were included in our audit report of the Eighth Judicial Circuit, City of Richmond Municipal Division.

Improvements are needed in the municipal division related to bonds, accounts receivable, ticket accountability, and reporting. Cash, checks, and money orders received by the police department for bonds are not retrieved by the Court Clerk on a timely basis. The police department issues prenumbered bond forms; however, department personnel do not account for the numerical sequence of the bond forms on the bond log to ensure all bonds are accounted for properly. The municipal division does not prepare a comprehensive accounts receivable control report. An accounts receivable report was generated upon our request and indicated approximately \$47,000 was due to the municipal division as of June 2009. The numerical sequence of all traffic tickets issued by the police department is not accounted for properly and some tickets issued are not posted to the computer system. The Court Clerk does not file a monthly report with the city of all cases heard in court.

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YELLOW SHEET

EIGHTH JUDICIAL CIRCUIT
CITY OF RICHMOND
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

Presiding Judge
Eighth Judicial Circuit
and
Municipal Judge
Richmond, Missouri

We have audited certain operations of the City of Richmond Municipal Division of the Eighth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended September 30, 2008. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions such as receipts.
2. Evaluate the municipal division's compliance 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 finding arising from our audit of the City of Richmond Municipal Division of the Eighth Judicial Circuit.

A petition audit of the City of Richmond, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Alice M. Fast, CPA, CIA, CGFM
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: Lori Bryant

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

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

Municipal Division Controls and Procedures

Improvements are needed in the municipal division related to bonds, accounts receivable, ticket accountability, and reporting.

A. The following concerns relating to bonds were noted:

- 1) Cash, checks, and money orders received by the police department for bonds are not retrieved by the Court Clerk on a timely basis. The Court Clerk retrieves the bond receipts from the police department once a month before court. As a result, bond monies are not deposited on a timely basis.
- 2) The police department issues prenumbered bond forms; however, department personnel do not account for the numerical sequence of the bond forms on the bond log to ensure all bonds are accounted for properly. The police department also records bonds on the bond log when staff are notified by other political subdivisions that a bond is going to be posted by a defendant picked up on a warrant issued by the Richmond Municipal Division. No follow up is performed to determine if the court ever receives the bond.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact and on a timely basis. To provide assurance all bond receipts are accounted for properly, the police department should establish procedures to account for the numerical sequence of bond forms. In addition, copies of the bond log should be given to the Court Clerk so she can follow up on bonds posted at other political subdivisions to ensure the bonds have been properly filed with the court.

B. The municipal division does not prepare a comprehensive accounts receivable control report. Individual case files and the municipal division's computerized software track balances due; however, summary information is not regularly reviewed by the Municipal Judge or Court Clerk to ensure amounts due are accurately reported and reasonable, and collection procedures are effective.

Upon our request, an accounts receivable report was generated by the Court Clerk that indicated approximately \$47,000 was due to the municipal division as of June 2009. The Court Clerk indicated she was aware of some inaccuracies contained within this report and was working to correct those problems. An accurate

comprehensive accounts receivable report is necessary to provide increased accountability and to facilitate monitoring of amounts due.

- C. Improvements are needed to account for the numerical sequence of all traffic tickets issued by the police department. The police department maintains a log of ticket books assigned to officers and individual ticket information is supposed to be entered into the police department's computer system; however, records accounting for the numerical sequence of tickets issued are not maintained and some tickets issued are not posted to the system. The computer system is capable of printing a report listing all tickets numerically, which would help identify gaps in sequence; however, this report is not produced and reviewed to ensure all tickets are accounted for properly. Additionally, the disposition of tickets is not posted to this report. At our request, the report was generated and our review of a block of 25 tickets revealed 4 tickets had not been recorded on the police department's report; however, they had been received and processed by the municipal division.

Without a proper accounting for the numerical sequence of tickets, the municipal division cannot be assured all tickets issued are properly submitted to the division for processing. Properly maintained logs would ensure accountability of all tickets.

- D. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly list 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 Clerk. This list 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 RECOMMEND the City of Richmond Municipal Division:

- A. Retrieve bonds daily from the police department and work with department personnel to establish procedures to account for the numerical sequence of bond forms and to follow up on bonds coming from other jurisdictions.
- B. Prepare an accurate monthly accounts receivable report. This report should be reviewed by the Court Clerk and Municipal Judge.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence of all tickets issued.
- D. 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 provided the following written responses:

- A. *I have communicated with the police chief, Terri McWilliams, about bond forms and receipts. The Municipal Division will work with the police department so that bond forms are received from them at least once per week, if not more frequently. We will also work with them regarding bonds coming from other jurisdictions. However, because the Municipal Division has no supervisory or policy making authority relative to the police department, we do not have any ability to implement new controls or procedures as to them. That said, we of course will do our best in conjunction with the police department to comply with the recommendation.*

- B. *I have discussed this recommendation with Susan Brunworth and she tells me she will work on preparing a monthly report of unpaid fines and costs. She will need to spend some time working on the computer program to get this accomplished, but she tells me it can be done. In addition, she tells me that due to a change in computer programs a number of years ago, she will need to manually check some old files to verify balances due, if any. This of course may take some time, but Susan tells me it also can be accomplished. The reports, when generated, will be reviewed by her, myself, and other appropriate city personnel.*

- C. *Again, the Municipal Division has no authority over the police department. However, after speaking with Chief McWilliams about this recommendation, she tells me that tickets are being properly accounted for at the present time. You indicated in our meeting that there were a few tickets you requested for your audit that were a bit difficult to find, but all were in fact found. You further indicated that there were no missing tickets. We will of course work with the police department regarding this recommendation and will discuss with them missing tickets, if any, in the future so that all are properly accounted for.*

- D. *I have discussed this recommendation with Susan Brunworth and she tells me that she will prepare a monthly report of cases heard in our court and will file that report with the city. As stated above relative to recommendation "B," she will need to work on the computer program in order to get this accomplished, but tells me she can do so.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

EIGHTH JUDICIAL CIRCUIT
CITY OF RICHMOND
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Richmond Municipal Division is in the Eighth Judicial Circuit, which consists of Ray and Carroll Counties. The Honorable David H. Miller 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 in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At September 30, 2008, the municipal division employees were as follows:

Municipal Judge	Thomas C. Fincham
Court Clerk	Susan Brunworth
Assistant Court Clerk	Sandra Williams

Financial and Caseload Information

Year Ended September 30, 2008,

Receipts	\$171,918
Number of tickets filed	1,261