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# Forty-Fifth Judicial Circuit

## City of Curryville Municipal Division

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**Susan Montee, JD, CPA**  
Missouri State Auditor

## YELLOW SHEET

### Findings in the audit of the Forty-Fifth Judicial Circuit, City of Curryville Municipal Division

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#### Accounts Receivable

Accounts receivable are not reviewed periodically to ensure amounts due to the municipal division are collected. As of October 2009, accounts receivable included 170 cases and totaled \$33,907. Former Municipal Judges approved payment plans for only nine of the cases. The other 161 cases have no payment plans and no warrants have been issued against the defendants for outstanding fines and court costs. These cases date back to 2006, plus one case from 2003.

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#### Controls and Procedures

Improvements are needed with the municipal division's internal controls and procedures. Proper segregation of duties is not possible because the City Clerk/Court Clerk is the City Treasurer's mother and there is no independent or supervisory oversight of their work. In August 2009, the Board of Aldermen approved a \$2 increase in court costs, raising court costs to \$14. State law and a Supreme Court Operating Rule allow \$12 to be charged for court costs. Statutory authority for this increase could not be provided and the city ordinance containing the increase does not explain how the cost increase will be used. In addition, a new court order has not been issued to reflect the increase. A schedule of fines and court costs is not posted at the Violations Bureau office, as required by state law and a Supreme Court Operating Rule. A monthly list of liabilities is not prepared and reconciled to the municipal division account. The City Clerk/Court Clerk does not file a monthly report with the city of all cases heard in court, as required by state law.

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#### Computer Controls

The municipal division's computer system and data are vulnerable to unauthorized use, modification, or destruction. Access to the computer system and data is not adequately restricted to only authorized users. Although the City Clerk/Court Clerk requires the use of a password to access the computer system, the password is not periodically changed to help ensure it remains known only to the assigned user and to reduce the risk of compromised passwords. Security controls are not in place to shutdown the City Clerk/Court Clerk's computer after a certain period of inactivity. Municipal division data is not backed up on a periodic, predefined basis.

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# Forty-Fifth Judicial Circuit

## City of Curryville Municipal Division

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

Presiding Judge  
Forty-Fifth Judicial Circuit  
and  
Municipal Judge  
Curryville, Missouri

We have audited certain operations of the City of Curryville Municipal Division of the Forty-Fifth Judicial Circuit. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 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 contract or 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 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 Curryville Municipal Division of the Forty-Fifth Judicial Circuit.



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:	Debra S. Lewis, CPA
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# Forty-Fifth Judicial Circuit

## City of Curryville Municipal Division

### Management Advisory Report - State Auditor's Findings

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#### **1. Accounts Receivable**

Accounts receivable are not reviewed periodically to ensure amounts due to the municipal division are collected. As of October 2009, accounts receivable included 170 cases and totaled \$33,907. Former Municipal Judges approved payment plans for only nine of the cases. Of those nine cases, only one defendant is making regular payments, and one defendant has not made any payments since December 2007. Another defendant has not made any payments since being put on a payment plan in September 2007. Warrants have not been issued for either of the defendants who have not made payments.

The other 161 cases have no payment plans and no warrants have been issued against the defendants for outstanding fines and court costs. These cases date back to 2006, plus one case from 2003. Failure to adequately monitor accrued costs may result in lost revenue. Procedures should be instituted to periodically review old cases to determine the municipal division's ability to collect the unpaid amounts.

Better follow-up of the delinquent accounts is necessary to facilitate monitoring amounts due to the municipal division, provide information to the Municipal Judge, and improve accountability. After defendants from these old cases have been located, the municipal division should consider utilizing payment plans to help ensure amounts due to the municipal division are eventually paid. Payment agreements signed by the defendant and approved by the Municipal Judge formalize the liability to the municipal division and could aid in the collection of amounts owed. Old inactive case balances increase the volume of cases that must be monitored and controlled, putting a greater burden on limited personnel resources.

#### **Recommendations**

The City of Curryville Municipal Division should establish procedures to better monitor unpaid fines and court costs and take steps to maximize collections. The municipal division should consider establishing payment plans on cases with outstanding receivables.

#### **Auditee's Response**

*The Municipal Judge provided the following written response:*

*In the audit report, it was found there were 161 cases with no payment and/or no warrants issued against the defendants. The court will dismiss cases, which date back prior to December 31, 2007. This should clear many cases from the court's docket. In addition, effective immediately, this court will be requesting a suspension of driver's license, intrastate and/or interstate, from the State of Missouri for defendants who fail to appear or fail to follow a payment plan. We believe this will establish a procedure whereby maximizing our collections and a system, which will better monitor delinquent accounts.*



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## 2. Controls and Procedures

Improvements are needed with the municipal division's internal controls and procedures.

### 2.1 Segregation of duties

Proper segregation of duties is not possible because the City Clerk/Court Clerk is the City Treasurer's mother and there is no independent or supervisory oversight of their work. The Court Clerk collects and records receipts and transmits them to the City Treasurer. The City Treasurer deposits receipts, makes disbursements, and performs bank reconciliations.

To safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by having the Municipal Judge document his review of municipal division's records.

### 2.2 Court costs

Problems were noted related to court costs.

#### Increase in court costs

In August 2009, the Board of Aldermen approved a \$2 increase in court costs, raising court costs to \$14. The court currently collects \$14 for court costs plus \$10.50 in surcharges authorized by state law (\$7.50 Crime Victims Compensation fee, \$2 Law Enforcement Training fee, and \$1 Peace Officer Standards and Training Commission fee), totaling \$24.50. Section 479.260, RSMo, and Missouri Supreme Court Operating Rule 21.01, allow \$12 to be charged for court costs and Section 488.005, RSMo, provides that surcharges cannot be assessed unless authorized by state law. Statutory authority for the \$2 increase could not be provided, and the city ordinance containing the increase does not explain how the cost increase will be used. The fee is deposited into the city's General Fund. The municipal division should take appropriate action to ensure all court costs are supported by state statutes.

In addition, a new court order has not been issued to reflect the increase. The current court order listing the fines and court costs has been in effect since March 6, 2008. Missouri Supreme Court Rule No. 37.49, requires a schedule indicating the amount of fines and court costs to be imposed for each offense be established by court order. A new court order should be issued if the \$2 increase is not eliminated.

#### Schedule of fines and court costs

A schedule of fines and court costs is not posted at the Violations Bureau (VB) office. Section 479.050, RSMo, and Supreme Court Rule No. 37.49 require a schedule be posted at the VB that designates offenses within the authority of the Court Clerk, and the amount of fines and costs to be imposed for each offense.

### 2.3 Liabilities

A monthly list of liabilities is not prepared and reconciled to the municipal division account. The municipal division account had a balance of \$5,895 at



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August 31, 2009. A monthly list of liabilities should be prepared and reconciled to the reconciled bank balance to ensure proper accountability over open cases and monies held in trust by the municipal division are sufficient to meet liabilities. Such reconciliations would allow for prompt detection of errors. Unidentified differences should be investigated immediately and appropriate action taken.

## 2.4 Monthly reports

The City Clerk/Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080, RSMo, requires the Court Clerk to prepare and file with the city a monthly list of all cases heard in court, including fines and court costs collected. This list should indicate information such as the defendant's name, fines 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).

## Recommendations

The City of Curryville Municipal Division:

- 2.1 Ensure there is a periodic documented review by the Municipal Judge of the municipal division's records. Any unusual items or discrepancies should be investigated.
- 2.2 Ensure all court costs are supported by state laws and a municipal court order. The schedule of fines and court costs should be posted at the VB.
- 2.3 Prepare a monthly list of liabilities and reconcile the list with the balance in the municipal division account. Any unidentified differences should be investigated.
- 2.4 Prepare and file a monthly reports of cases heard in the court with the city in accordance with state law.

## Auditee's Response

*The Municipal Judge provided the following written responses:*

- 2.1 *In an attempt to safeguard against the possible loss or misuse of funds, the Municipal Judge will review the municipal division's records quarterly.*
- 2.2 *The Municipal Judge will issue an Order that Court costs will be \$22.50 per case and the August 2009 Court costs increase shall be rescinded.*
- 2.3 *In an attempt to control any municipal court liabilities, the Municipal Court Judge shall review quarterly and require the Municipal Court Clerk to list the liabilities and reconcile the same and present the same to this Municipal Court Judge.*





2.4 *This Municipal Judge has instructed the Municipal Court Clerk that a written report shall be prepared monthly of all the city cases heard and shall be distributed to the Board of Aldermen at its monthly meeting.*

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### 3. Computer Controls

The municipal division's computer system and data are vulnerable to unauthorized use, modification, or destruction. Password and backup procedures and the computer's security controls are not adequate.

#### 3.1 Password

Access to the computer system and data is not adequately restricted to only the authorized user. Although a password is required to access the computer system, the password is not periodically changed to help ensure it remains known only to the assigned user and to reduce the risk of a compromised password. An ineffective password system increases the risk of unauthorized access and changes to the computer system and municipal division data.

#### 3.2 Security controls

A security control is not in place to lock the City Clerk/Court Clerk's computer after a certain period of inactivity. An unauthorized individual could access the unattended computer and have unrestricted access to programs and data files. To help protect computer files, the current security controls should be updated to lock the computer after a certain period of inactivity.

#### 3.3 Data back up

Municipal division data is not backed up on a periodic, predefined basis. Although backups of municipal division data have been performed in the past, the backups are not performed frequently enough to provide recent transaction history for data recovery in the event of a disaster or computer failure.

Computerized records are at risk of loss due to equipment failure or other electronic disaster. Preparation of backup disks, on at least a weekly basis along with off-site storage, would provide increased assurance municipal division data could be recreated if necessary.

### Recommendations

The City of Curryville Municipal Division:

- 3.1 Require the password be changed periodically to help prevent unauthorized access to the municipal division's computer system and data.
- 3.2 Update the current computer security controls to require the computer to lock after a certain period of inactivity.
- 3.3 Ensure data is backed up on a regular, predefined basis and stored at a secure off-site location.



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Management Advisory Report - State Auditor's Findings

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## Auditee's Response

*The Municipal Judge provided the following written responses:*

- 3.1&2. *The Municipal Judge has contacted a computer company to make the necessary changes to implement these recommendations.*
- 3.3 *The Municipal Court Clerk, through the help of one of the city's Aldermen, is searching for an on-line backup service for the court's computer data and is to report back to this Municipal Court Judge with the same.*

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# Forty-Fifth Judicial Circuit

## City of Curryville Municipal Division

### Organization and Statistical Information

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The City of Curryville Municipal Division is in the Forty-Fifth Judicial Circuit, which consists of Lincoln and Pike Counties. The Honorable Dan Dildine 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 December 31, 2008, the municipal division employees were as follows:

Title	Name
Municipal Judge	Jeff Miller (1)
Court Clerk	Sandra Parrott

(1) David Ferman served as Municipal Judge from January 2008 through July 2008.

#### Financial and Caseload Information

	Year Ended December 31, 2008
Receipts	\$93,878
Number of cases filed	709