



Thomas A. Schweich
Missouri State Auditor

Forty-Fourth Judicial Circuit

City of Mountain Grove Municipal Division

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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Forty-Fourth Judicial Circuit, City of Mountain Grove Municipal Division

Accounting Controls and Procedures

The municipal division does not adequately segregate the duties of receiving and depositing monies from those of recording transactions. The Court Clerk collects fines and costs; prepares deposits; and posts fines, court costs, and bonds received. If segregation of duties is not possible, the municipal division should arrange for a documented independent review. The police department does not transmit cash bonds it collects to the municipal division timely.

In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Forty-Fourth Judicial Circuit, City of Mountain Grove Municipal Division, did not receive any federal stimulus monies during the audited time period.

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH

Missouri State Auditor

Presiding Judge
Forty-Fourth Judicial Circuit
and
Municipal Judge
Mountain Grove, Missouri

We have audited certain operations of the City of Mountain Grove Municipal Division of the Forty-Fourth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2010. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
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. We also 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.

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.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our finding arising from our audit of the City of Mountain Grove Municipal Division of the Forty-Fourth Judicial Circuit.

A petition audit of the City of Mountain Grove, 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.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Ted Fugitt, CPA

Forty-Fourth Judicial Circuit

City of Mountain Grove Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

The municipal division lacks adequate segregation of accounting duties and cash bonds are not transmitted to the municipal division by the police department timely.

1.1 Segregation of duties

The duties of receiving and depositing monies are not adequately segregated from recording transactions. The Court Clerk performs all duties related to collection of fines and costs; deposit preparation; and posting fines, court costs, and bonds received. Although the City Clerk signs off on the bank reconciliations prepared by the Court Clerk, neither the Municipal Judge nor other city officials independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, a documented independent review of the work performed by the Court Clerk, such as a comparison of the composition of receipts to the composition of deposits, is necessary.

1.2 Bond receipts

Cash bonds collected by the police department are not always transmitted to the municipal division timely. For example a \$212 cash bond received by the police department on April 6, 2010, was not received by the Court Clerk until May 10, 2010. In addition, cash bonds of \$248 and \$370 received by the police department on November 16, 2009, and February 22, 2010, respectively, were not received by the Court Clerk until December 11, 2009, and March 8, 2010, respectively. To ensure all bonds are accounted for properly, the police department should transmit monies timely to the municipal division.

Recommendations

The City of Mountain Grove Municipal Division:

- 1.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 1.2 Work with the police department to ensure all bonds collected are transmitted timely.

Auditee's Response

The Municipal Judge provided the following written responses:

- 1.1 *I have issued an operating order directing the Court Clerk to submit court receipt and deposit records and bank reconciliations to the City Clerk monthly for her documented review.*



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- 1.2 *I have issued an operating order directing police officers to turn cash bonds collected over to the Court Clerk within 24 hours of receipt.*

Forty-Fourth Judicial Circuit

City of Mountain Grove Municipal Division

Organization and Statistical Information

The City of Mountain Grove Municipal Division is in the Forty-Fourth Judicial Circuit, which consists of Douglas, Ozark, and Wright Counties. The Honorable John Moody 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 June 30, 2010, the municipal division employees were as follows:

Title	Name
Municipal Judge	Noble Leighton
Court Clerk	Karen Linton

Financial and Caseload Information

	Year Ended June 30, 2010
Receipts	\$43,351
Number of cases filed	374

American Recovery and Reinvestment Act of 2009 (Federal Stimulus)

The Forty-Fourth Judicial Circuit, City of Mountain Grove Municipal Division, did not receive any federal stimulus monies during the year ended June 30, 2010.