



**Thomas A. Schweich**  
Missouri State Auditor

---

# Twenty-First Judicial Circuit

## City of Brentwood Municipal Division

---

January 2012  
Report No. 2012-03



---

<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Twenty-First Judicial Circuit, City of Brentwood Municipal Division

Segregation of Duties	Accounting duties are not adequately segregated, which increases the risk of loss or misuse of funds. If proper segregation cannot be achieved because of limited court personnel, the court administrator should expand her supervisory reviews. At a minimum, a documented independent review of the municipal division records should be conducted.
Liabilities	The list of outstanding bonds is not reconciled to the bond account balance, so there is little assurance bond monies are accounted for properly. As of December 31, 2011, the bond account contained \$580 more than the total of bonds outstanding, which the City Finance Officer indicated might be due to interest earned on the bond account, but she had no supporting documentation to explain the difference. Unidentified differences should be investigated and addressed immediately.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Twenty-First Judicial Circuit, City of Brentwood 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.

**All reports are available on our website: <http://auditor.mo.gov>**

---

# Twenty-First Judicial Circuit

## City of Brentwood Municipal Division

### Table of Contents

---

State Auditor's Report	2
------------------------	---

---

Management Advisory Report - State Auditor's Findings	1. Segregation of Duties .....4 2. Liabilities.....5
---	---

---

Organization and Statistical Information	6
---	---



# THOMAS A. SCHWEICH

## Missouri State Auditor

Presiding Judge  
Twenty-First Judicial Circuit  
and  
Municipal Judge  
Brentwood, Missouri

We have audited certain operations of the City of Brentwood Municipal Division of the Twenty-First 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 December 31, 2011. 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 findings arising from our audit of the City of Brentwood Municipal Division of the Twenty-First Judicial Circuit.

A petition audit of the City of Brentwood, 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:

Deputy State Auditor: Harry J. Otto, CPA  
Director of Audits: Alice M. Fast, CPA, CGFM, CIA  
Audit Manager: Debra S. Lewis, CPA  
In-Charge Auditor: Carl Zilch, Jr., CIA

---

# Twenty-First Judicial Circuit

## City of Brentwood Municipal Division

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

---

#### **1. Segregation of Duties**

Accounting duties are not adequately segregated, which increases the risk of error and loss of funds. There are three part-time employees and the court administrator in the municipal division and each has access to the entire court system, which includes collecting, recording, and depositing fines and court costs received. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the court clerks. The court administrator reviews deposits prepared by the staff in total; however, she does not review reconciliations of the composition of receipt slips to the composition of deposits, or records indicating the numerical sequence of manual receipt slips issued on court night. In addition, receipts and deposits processed by the court administrator are not independently reviewed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. However, if proper segregation of duties cannot be achieved due to limited staff, the court administrator should expand her supervisory reviews to include procedures such as a periodic comparison of the composition of receipt slips to the composition of deposits and a review of the numerical sequence of manual receipts. At a minimum, there should be a documented independent review of the municipal division records.

#### **Recommendation**

The City of Brentwood Municipal Division segregate accounting duties to the extent possible. If proper segregation of duties cannot be achieved, an independent review of work performed is necessary.

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

*The Municipal Judge and Court Administrator provided the following written response:*

*The Audit Report noted that because of limited court personnel, all personnel have been trained in the entire court system which in part includes receiving payments of fines/court costs and issuing receipts; recording transactions into the computer database; depositing fines and costs received. These duties have not been segregated between court personnel because the limited number working at any given time does not permit segregation. All transactions have been reviewed and balanced against each bank deposit by the Court Administrator and reviewed informally by a member of the City's Finance Department. While the audit confirms there has been no loss or misuse of court funds, the court has agreed, as recommended to adopt a formal documented review within the court with each bank deposit. A member of the Finance Department, independent of the court, will also perform a documented review to safeguard against possible future loss or misuse of funds.*



---

## 2. Liabilities

While a list of outstanding bonds is maintained on the municipal division computer system, the list is not reconciled to the bond account balance. As a result, there is little assurance bond monies are accounted for properly. The bond account had a reconciled bank balance of \$16,480 as of December 31, 2011, and the list of outstanding bonds for December 31, 2011, totaled \$15,900, resulting in a difference of \$580. The City Finance Officer performs the bank reconciliation on the bond account and indicated she believes the difference is interest earned in the bond account, but she is unable to produce documentation of this.

To ensure accounting records are in balance and monies held in trust are sufficient to meet the payment of all liabilities, a list of liabilities identified at each month-end should be reconciled to bank account balances. Such reconciliations would allow for prompt detection of errors. Unidentified differences should be investigated immediately and appropriate action taken.

## Recommendation

The City of Brentwood Municipal Division work with the city to reconcile month-end liabilities to the bond bank account balance. Any differences should be investigated.

## Auditee's Response

*The Municipal Judge and Court Administrator provided the following written response:*

*The Audit found that the Courts outstanding bond account and Finance Departments records concurred and showed outstanding bonds as of December 31, 2011 totaling \$15,900. The Bond Bank Account maintained by the Finance Department however had a surplus of \$580. The Finance Department believed these surplus funds to be interest earned on this account. When verified to be interest, these funds will be transferred to the City's General Funds. As recommended by the Audit Report, in the future, the Court and Finance Department will reconcile month end Bond liabilities to the bond bank account balance.*

---

# Twenty-First Judicial Circuit

## City of Brentwood Municipal Division

### Organization and Statistical Information

---

The City of Brentwood Municipal Division is in the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Maura McShane 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, 2011, the municipal division employees were as follows:

Title	Name
Municipal Judge	E. Ronald Hill
Chief Court Administrator	Carol Moses

#### Financial and Caseload Information

	Year Ended December 31, 2011
Receipts	\$479,415
Number of cases filed	5,908

#### American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The City of Brentwood Municipal Division did not receive any federal stimulus monies during the year ended December 31, 2011.