



**EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-20
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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following findings were noted as a result of an audit conducted by our office of the Eighteen Judicial Circuit, Pettis County, Missouri.

During April 2003, officials of the Associate Circuit Division identified discrepancies in the court's collection of costs on a number of civil cases. Court personnel determined that payments totaling at least \$2,179 were received but not deposited from May 2001 through March 2003. Information regarding the misappropriation was provided to the Prosecuting Attorney's office. The former court clerk was charged with, pled guilty to, and was sentenced for felony stealing. As of September 2003, she has made full restitution to the court for the identified missing funds. Our review did not determine any additional undeposited monies.

Several concerns were noted with the Associate Circuit Division's records and procedures. Receipting and depositing procedures were not adequate. Additionally, the duties of receipting, recording, and disbursing monies are not adequately segregated, and the court's open items (liabilities) listings had not been reconciled to available cash balances since April 2001. Subsequent to the theft and a review by personnel of the Office of the State Court Administrator, the Associate Circuit Division has implemented improved controls and procedures.

The court has not implemented adequate procedures to periodically monitor and dispose of bond monies being held in the bank account. As of September 30, 2003, the court's bank account held bond monies totaling approximately \$42,900. This amount includes a \$7,000 cash bond received in March 2002 which was not transmitted to the Circuit Court when the related case was bound over to that court in April 2002.

Monitoring procedures related to accrued case costs are not adequate. As of August 2003, there was over \$266,800 in accrued case costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

Reasons for voided receipt transactions were not properly documented or reviewed. In addition, the court continues to enter case information into manual docket sheets rather than entering all information on the statewide computerized case management system. An adequate system to account for payments received by the Juvenile Office has not been established, and a listing of accrued court costs and restitution owed is not maintained.

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YELLOW SHEET

EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Eighteenth Judicial Circuit
Pettis County, Missouri

We have audited certain operations of the Eighteenth Judicial Circuit, Pettis County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002 and 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the judicial circuit.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the judicial circuit.

As part of our audit, we assessed the controls of the judicial circuit to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Pettis County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Eighteenth Judicial Circuit, Pettis County, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

October 30, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Associate Circuit Division Six Procedures

During April 2003, court officials identified discrepancies in the court's collection of costs on a number of civil cases. The Associate Circuit Division Judge made the State Auditor's office aware of these concerns and requested the Sheriff's department perform an investigation. Court personnel continued to review transactions related to various cases and determined that payments totaling at least \$2,179 were received but not deposited from May 2001 through March 2003. Information regarding the misappropriation was provided to the Prosecuting Attorney's office. The court clerk primarily responsible for the cases in which problems were identified was terminated on May 2, 2003. Since that time the former court clerk was charged with, pled guilty to, and was sentenced for felony stealing. As of September 2003, she has made full restitution to the court for the identified missing funds. Our review did not determine any additional undeposited monies.

The Associate Circuit Division collects various fees for criminal, civil, and traffic cases. Receipts for these cases totaled approximately \$867,456 and \$955,909 for calendar years 2002 and 2001, respectively. The court implemented the Automated Court System (ACS) Justice Information System (JIS), a statewide computerized case management system, in April 2001. Since that time some essential accounting and reconciliation procedures were not being performed. Our review of the Associate Circuit Division's records and procedures noted the following concerns:

- A. Receipting and depositing procedures were not adequate. Manual receipt slips were often issued to speed up the process of issuing receipt slips to those paying money to the court. However, the court had no procedure in place to ensure these transactions were promptly recorded on the JIS and that related monies were deposited. The manual receipt slips were redi-form receipts, were not always prenumbered, and did not always provide the method of payment. Monies related to some of these manual receipts were not recorded on the JIS and deposited for significant time periods, while others were never recorded on the JIS or deposited. In addition, neither manual nor JIS receipt slips were issued for some monies received. A review of case information showed that some of these monies were recorded on the JIS and deposited up to twenty-one months after the monies should have initially been receipted and recorded. The court did not have procedures in place to reconcile receipts and method of payments to deposit details. As a result, discrepancies went undetected for long time periods.
- B. The duties of receipting, recording, and disbursing monies are not adequately segregated. While various court clerks have receipting, recording, and disbursing

responsibilities for their areas, the Chief Associate Circuit Division Clerk also performs these duties for all areas, as well as depositing all monies, performing month-end reconciliations, and making month-end disbursements. As a result, there are cases where she is responsible for transactions from initial receipt to their disbursement without any involvement of other clerks. There is no oversight of the work performed by this clerk.

Internal controls could be improved by segregating the duties of receipting and recording receipts from that of depositing monies. In addition, consideration should be given to segregating the duties of generating and signing checks. If proper segregation cannot be achieved, at a minimum, there should be an independent comparison of receipts records to bank deposits and review of bank reconciliations.

- C. The court's open items (liabilities) listings had not been reconciled to available cash balances since April 2001. At our request, the open items report was reconciled to the cash balance for September 30, 2003. The preparation of monthly listings of open items and reconciliation of liabilities with the cash balance provides assurance the records are in balance and that sufficient cash is available to meet liabilities, and provides accountability over open cases.

The mishandled transactions may have been prevented or detected more timely had adequate receipting, depositing, and reconciliation procedures been in place, and proper oversight performed. Subsequent to the theft and a review by personnel of the Office of the State Court Administrator (OSCA), the Associate Circuit Division has implemented improved controls and procedures.

- D. The court has not implemented adequate procedures to monitor and dispose of bond monies being held in the bank account. As of September 30, 2003, the court's bank account included bond monies totaling approximately \$42,900.
1. Cash bond receipts, totaling approximately \$11,393, have been held in excess of one year. The Chief Associate Circuit Division Clerk indicated that many of the defendants whose bond has been held for long periods have failed to appear in court and arrest warrants have been issued; however, no cash bonds were forfeited during the audit period.
 2. The court received a \$7,000 cash bond in March 2002. When the related case was bound over to Circuit Court in April 2002, the bond monies were not and remain in the Associate Circuit Division's bank account as of October 2003. The case has since been closed, the defendant has paid all costs, and it appears this bond needs to be refunded. The Circuit Court was unaware this bond money existed until our review of the case file, and the Associate Circuit Division could provide no explanation regarding the improper handling of this bond.

3. Monies related to surety bond forfeitures are also being held for excessive periods of time. The court maintains a report of bond forfeitures and periodically transmits these monies to the County Treasurer. Forfeited bond monies totaling \$16,730 and \$10,244 were transmitted to the County Treasurer in August 2003 and June 2001, respectively. Many of these bonds had been forfeited 3 or 4 years prior to the transmittals. Section 166.131, RSMo 2000 provides for bond forfeiture monies to be paid over to the County Treasurer for transmittal to the state's school building revolving fund. It does not appear that this or other statutory provisions provide for the court to hold forfeited bond monies for extended periods.

The court needs to review cases for which bonds are held and dispose of these monies in accordance with various statutory provisions. Cash bonds posted by persons who failed to make the required court appearance should be reviewed to determine if the bonds should be forfeited and paid over to the County Treasurer, or whether another disposition (i.e.; refund or application to case costs) is more appropriate. The court needs to disburse the \$7,000 cash bond to the appropriate individual. Forfeited bonds, whether cash or surety, need to be disbursed more timely. Better monitoring procedures are necessary to ensure monies are handled appropriately and that monies belonging to other entities or individuals are disbursed timely.

- E. Monitoring procedures related to accrued case costs are not adequate. The Chief Associate Circuit Division Clerk does not generate a listing of accrued costs owed to the court. When a case is closed and the costs determined, if payment is not received, the court does not initiate any further collection procedures. As of August 2003, there was \$266,863 in accrued case costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. To ensure court costs received by the court are maximized and amounts are correct, all allowable costs should be billed in a timely manner, and all methods available to the court to pursue unpaid costs should be exercised regularly and timely.
- F. The court computer system produces a report of all voided receipts, but explanations of why a receipt transaction was voided are not documented and reviewed by a supervisor. Valid reasons for voiding a receipt transaction should be documented and reviewed by a supervisor for propriety.
- G. The Associate Circuit Division does not fully utilize the capabilities of the JIS. Although the JIS was implemented more than two years ago, the court continues to enter case information onto manual docket sheets rather than entering the information on the JIS. Therefore, the JIS system does not contain all of the information related to the Associate Circuit Division's cases. Court personnel indicated they were not able to enter all of the information on the JIS due to a shortage of workers and time constraints. However, efforts to shift to the JIS and determine its proficiency as compared to the manual system have not been

adequate. Correspondence from the OSCA to the court in April 2003 also recommended procedural changes to more fully utilize the JIS.

WE RECOMMEND the Associate Circuit Division:

- A. Issue JIS receipt slips for all monies received. If it is necessary to issue manual receipt slips, the court needs to ensure these receipt slips are official and prenumbered, provide all the necessary information, are accounted for properly, and are promptly entered into the JIS.
- B. Provide for a proper segregation of duties. If proper segregation cannot be achieved, at a minimum, procedures for adequate independent review should be established.
- C. Ensure monthly listings of open items are reconciled to the cash balance.
- D. Perform a review of cases for which bond monies are being held to determine proper disposition, and establish procedures to ensure bond monies are handled appropriately and disbursed timely in the future.
- E. Establish procedures to routinely follow-up and pursue timely collection of accrued costs.
- F. Document reasons for voiding receipt transactions and ensure appropriate supervisory reviews are performed.
- G. Discontinue the use of manual docket sheets and begin entering all information on the JIS.

AUDITEE'S RESPONSE

The Associate Circuit Division provided the following responses:

- A. *After the mishandling of funds was discovered, our office initiated the practice of only receipting monies through JIS and providing computer-generated receipt slips. Only twice since April 2003 have we had to issue manual receipt slips, due to OSCA's (Office of the State Courts Administrator) year-end procedures and the shut down of the system. Manual receipt slips will only be issued when it is unavoidable.*
- B. *Segregation of duties has been adopted pursuant to our last audit in 1998 and according to OSCA's recommendation in May 2003. Currently, there are only three clerks authorized to sign checks in the division and the division clerk only receipts monies in the event another clerk is not available or in the event we are short-handed due to vacation or illness. The bank reconciliation is generally performed monthly by the division clerk or by another deputy clerk. The division's books are audited monthly by the Pettis County Auditor's office.*

- C. *Open items are now and have been reconciled each month since September 2003.*
- D. *In November 2003, a list of cash bonds was provided to the Prosecuting Attorney's office for review and the court is awaiting determinations as to whether the various cases will be prosecuted. It is now the court's policy that bond monies deposited with the court, if not used by the defendant to dispose of their case, will be reviewed on a quarterly basis. In the event a defendant's bond is on deposit with the court and that defendant has subsequently failed to appear and has a warrant, that bond will be considered for forfeiture pursuant to an agreement with the Prosecuting Attorney's office. Due to a high rate of identity theft in our area, the Prosecuting Attorney's Office and our division has determined that we will review these files quarterly and request of law enforcement to make a more diligent effort in arresting those individuals that have cash bonds pending in the Court. After one year of review, the Prosecuting Attorney's office will be contacted with those individual's cases in furtherance of a bond forfeiture process. If the prosecutor determines that cases will be left pending, bonds may be held for a longer period of time, but not in excess of two years.*
- E. *Since the enactment of statutory provisions with regard to collection of costs, we have visited with the local collection offices and we are submitting an announcement to the newspaper that we will begin turning cases over for collection to those agencies that want to participate in this process. We also have adopted a docket for review of those cases that do not have costs paid.*
- F. *After the theft of monies from the court by a former clerk, the voiding of transactions has been limited to two clerks. The division clerk reviews the voided transaction list. When clerks void a receipt, the void is now documented in the case file. Some files have fees voided because the wrong fees were added to a case, but the case party fee report will show the adjustments.*
- G. *Prior to the preliminary exit interview we kept a paper and JIS redundant docketing system as required by Missouri Supreme Court Operating Rule #4. The paper docket was considered the official case record and required information was recorded in the JIS system. However, we have since learned that OSCA produces a tape backup that complies with Court Operating Rules. As a result, we now use the JIS generated docket sheet as our primary source for docketing information and case history.*

2.**Juvenile Division Procedures**

- A. An adequate system to account for all payments received by the Juvenile Office has not been established. The Juvenile Office does not have a method to track the payments received from juveniles, and has not established procedures to ensure all payments are accounted for in a readily accessible manner. When payments are received the Juvenile Office issues a receipt slip to the juvenile, and then issues another receipt slip to the party receiving the payment. Payments cannot be easily tracked with this system.

To ensure all payments made to the Juvenile Office are handled and accounted for properly, a log should be maintained showing each payment and its disposition. The log should contain information such as the payee, the amount of the money received by the Juvenile Office, and the date the monies were turned over to the appropriate party.

- B. A listing of accrued court costs and restitution owed is not maintained by the Juvenile Office, and monitoring procedures related to accrued costs are not adequate. A complete and accurate listing of accrued costs would allow the Juvenile Office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued costs may result in lost revenues.

WE RECOMMEND the Juvenile Office:

- A. Implement procedures to adequately account for payments.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Juvenile Officer provided the following responses:

- A. *We now have an accounting register for all restitution cases that contains the payee's information, victim's name and address, deputy juvenile officer handling the case, amount to be paid, date restitution was ordered, date payment is received including the method of payment and receipt number, outstanding balance, and date payment is made and received by the victim, including the receipt number.*
- B. *A ledger of accrued restitution is now maintained and statements on accounts in arrears will be sent beginning in May 2004.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

EIGHTEENTH JUDICIAL CIRCUIT
 PETTIS COUNTY, MISSOURI
 HISTORY, ORGANIZATION, AND
 STATISTICAL INFORMATION

Organization

The Eighteenth Judicial Circuit consists of Pettis County as well as Cooper County.

The Eighteenth Judicial Circuit consists of one circuit judge and three associate judges. The circuit judge hears cases throughout the circuit. He also serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the three associate judges, two are located in Pettis County and preside over the Associate Circuit Court (Division Six) and the Probate Court (Division Five). The other associate circuit judge is located in Cooper County.

In addition to the judges, the Eighteenth Judicial Circuit, Pettis County personnel include a circuit clerk, an associate division clerk, a probate division clerk, a juvenile officer, fourteen deputy clerks, five deputy juvenile officers, fourteen juvenile detention center employees, a court reporter (who also serves Cooper County), and a court secretary. The Juvenile Officer's home base is Pettis County, but she also serves the residents of Cooper County.

Circuit personnel located in Cooper County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the juvenile office, including the juvenile detention center are paid for by Pettis County. The operating expenses for the circuit judge and court reporter are paid for by Pettis County and Cooper County based on the percentage of the county's population to the total circuit population. The salaries of all the court personnel, juvenile office, and juvenile detention center are paid by the state of Missouri, except for the salaries of two deputy juvenile officers and six juvenile detention center employees, which are paid by Pettis County.

Receipts

Receipts of the Eighteenth Judicial Circuit, Pettis County, not including the Juvenile Division, were as follows:

	Year Ended December 31,	
	2002	2001
Court deposits, fees, bonds, and other	\$ 1,939,647	1,397,471
Interest income	7,978	5,045
Total	\$ 1,947,625	1,402,516

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Eighteenth Judicial Circuit, Pettis County, were as follows:

	Year Ended June 30,			
	2002		2001	
	Filings	Dispositions	Filings	Dispositions
Civil	2,069	1,837	2,047	1,746
Criminal	4,978	5,361	7,323	7,140
Juvenile	156	146	177	135
Probate	167	135	133	100
Total	7,370	7,479	9,680	9,121

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2002, statistics on the compliance of the Eighteenth Judicial Circuit, Pettis County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Eighteenth Judicial Circuit Pettis County, Missouri	State Total
Circuit Civil	90 % in 18 months	84 %	90 %
	98 % in 24 months	90	98
Domestic Relations	90 % in 8 months	81	90
	98 % in 12 months	90	98
Associate Civil	90 % in 6 months	92	90
	98 % in 12 months	99	98
Circuit Felony	90 % in 8 months	94	90
	98 % in 12 months	96	98
Associate Criminal	90 % in 4 months	88	90
	98 % in 6 months	96	98

Personnel

At December 31, 2002, the judges, Circuit Clerk, and Juvenile Officer of the Eighteenth Judicial Circuit, Pettis County, were as follows:

Donald Barnes, Circuit Judge, Division Four
 Robert L. Koffman, Associate Circuit Judge, Division Five – Probate Division
 Gary W. Fleming, Associate Circuit Judge, Division Six
 Elaine Bryson, Circuit Clerk
 Maria Mittelhauser, Juvenile Officer
 Carol (Naylor) Scott served as Juvenile Officer prior to December 1, 2001

An organization chart follows:

EIGHTEENTH JUDICIAL CIRCUIT
 PETTIS COUNTY, MISSOURI
 ORGANIZATION CHART
 DECEMBER 31, 2002


