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REPORT NO. 01-604-Y

October 15, 2001

Mayor Lawrence Mason and Aurora City Council
P.O. Box 477
Aurora, Utah 84620

Dear Mayor and City Council:

We have performed the procedures described below to certain aspects of the Aurora Justice Court (the Court) for the period January 1, 2000 through December 31, 2000. The purpose of these procedures is to assist the Court in evaluating its internal control and compliance with State laws. The procedures performed were as follows:

1. We reviewed the internal control over cash receipting procedures and tested a sample of cash receipt transactions.
2. We reviewed the Court's procedures for collecting and recording certain fines, fees, and bails imposed by the Court.
3. We reviewed the Court's procedures for remitting the required portion of fines and fees to the State of Utah and tested a sample of remittances.
4. We reviewed collection procedures for outstanding accounts receivable balances and tested a sample of receivable balances.

Our findings resulting from the above procedures are included in the attached findings and recommendations section of this report. We feel that Findings 1 and 2 are significant weaknesses to the Court. If these weaknesses are left uncorrected, an unacceptable amount of errors or misappropriations could occur without detection.

Our procedures were more limited than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the Court's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed

additional procedures or had we made an audit of the effectiveness of the Court's internal control, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City and the Court and is not intended to be and should not be used by anyone other than these specified parties.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by the personnel of the Court during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please call Debbie Empey, Audit Director, at 538-1342.

Sincerely,

Auston G. Johnson, CPA
Utah State Auditor

cc: Judge Kent Nielsen
Richard Schwermer, Assistant Court Administrator, Administrative Office of the Courts
Heather Mackenzie-Campbell, Audit Manager, Administrative Office of the Courts

AURORA JUSTICE COURT
FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2000

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AURORA JUSTICE COURT

FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2000

1. **LACK OF ORIGINAL ENTRY AND INDEPENDENT RECONCILIATION OF CITATIONS** (Significant Weakness)

The Aurora Justice Court (the Court) receives citations from issuing agencies, such as the Aurora City Police, the Utah Highway Patrol, and the Sevier County Sheriff. The clerk subsequently receives payment for those citations. However, the Court does not maintain a docket for citations received nor is there any method to ensure that all citations issued are processed appropriately. Since there is no original record of entry of citations at the Court and no reconciliation between citations issued and citations processed by the Court, errors or fraud could occur without detection. *Utah Code 78-5-121* requires that every justice court judge shall keep or cause to be kept a docket. Furthermore, the Court and the entities that issue citations within the jurisdiction of the Court should work together to reconcile the citations issued to the citations received by the Court and recorded on the Court's docket. The reconciliation should be performed by someone who does not handle cash/checks.

Recommendation:

We recommend that the Court establish a docket for citations received. We further recommend that the Court and the entities that issue citations within the jurisdiction of the Court work together to reconcile the citations issued to the citations that are received by the Court and are recorded on the Court's docket.

Aurora City's Response:

Reconciliation of docketed citations with issued citations would be a time-consuming process which does not warrant performing this function on a regular basis. Annually, the Aurora Court Judge will request of the agencies issuing citations within Aurora to submit a list of those citations issued in the past year. The Judge will compare that list to the citations in the Court records. The Clerk will submit to the Judge a list of citations received for the previous month on the first Tuesday of the month.

2. **INADEQUATE SEPARATION OF DUTIES** (Significant Weakness)

The Aurora Justice Court has a separation of duties weakness. The Court Clerk has access to cash/checks received, reconciles receipt records to validated deposit, prepares and sends late notices, can make adjustments to citations, approves disbursements, is authorized to sign checks, has access to blank checks, handles signed checks, reviews processed disbursements, records transactions, and prepares bank reconciliation. Inadequate separation of duties occurs when the same individual has custody of assets, access to accounting records, and/or responsibility for reconciling. Separation of duties weaknesses can allow misappropriation of funds to occur without detection.

AURORA JUSTICE COURT

FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2000

In situations where it is not possible to separate the duties, additional procedures should be implemented to compensate for the weaknesses as follows: 1) An independent individual should perform a thorough review of the bank reconciliation, 2) An individual such as the judge should review and initial all disposed citations to ensure proper disposition, 3) An individual such as the judge should review unpaid citations to ensure collection efforts are adequate, 4) An individual such as the judge should reconcile receipt records to the validated deposit to ensure all cash received is deposited properly.

Recommendation:

We recommend that the Court separate the duties or implement additional procedures that would compensate for these weaknesses.

Aurora City's Response:

Because of the Court's small caseload, any additional staffing would create an inefficient government agency. It would not make sense to spend a dollar to make sure no one steals a nickel. The Clerk will submit to the Judge a list of payments made and citations disposed of for the previous month on the first Tuesday of every month.

3. UNTIMELY REMITTANCE OF SURCHARGES

The Court did not remit surcharge collections to the State Treasurer in a timely manner. According to *Utah Code* Section 51-4-2(4), these collections should be received by the State Treasurer by the 10th of the month following collection. Seven of the monthly remittances for calendar year 2000 were late, ranging from 2 to 13 days late. Failure to remit the collected surcharge amounts in a timely manner each month violates State law.

Recommendation:

We recommend that the Court comply with State law by remitting collected surcharge amounts to the State Treasurer by the 10th of each month following collection.

Aurora City's Response:

The Aurora Court is open every Tuesday evening. The Judge travels from Richfield to make those court dates. The first Tuesday evening of every month, the Judge reviews and signs the financial report and check to the State. The Clerk deposits the collections in the mail the following Wednesday. The tenth day of the month occasionally falls on a weekend, making delivery on those dates impossible. It would seem the following business day should be acceptable for receipt of collections. The Court will make an effort to see that the collections are delivered to the State in a timely manner.