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REPORT NO. 05-619-D

September 22, 2005

Carbon County Commission
c/o Michael B. Milovich, Commission Chair
Carbon County Building
120 East Main
Price, Utah 84501

Dear County Commissioners:

We have performed the procedures described below to certain aspects of the internal control and compliance at the Carbon County Justice Court (the Court) for the period January 1, 2004 through December 31, 2004. The purpose of these procedures is to assist the Court in evaluating its internal control and compliance with applicable 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 confirmed a sample of accounts receivable balances.
5. We confirmed a sample of case adjustments.

Our procedures were more limited than would be necessary to express an audit opinion on compliance or 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.

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

This report is intended solely for the information and use of the County and the Court and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

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 Elayne Storrs
Richard Schwermer, Assistant Court Administrator, Administrative Office of the Courts
Heather Mackenzie-Campbell, Audit Manager, Administrative Office of the Courts

CARBON COUNTY JUSTICE COURT
FOR THE PERIOD JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

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CARBON COUNTY JUSTICE COURT

FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

1. INADEQUATE SEPARATION OF DUTIES (Significant Weakness)

All of the court clerks at the Carbon County Justice Court (the Court) have access to cash/checks and the accounting system and can make adjustments to cases. Two of the court clerks also perform collection efforts on cases, review accounts receivable, and approve or initiate write-offs; one of the two also enters citations into the system. Additionally, the County Treasurer has access to cash, handles non-sufficient funds (NSF) checks, is an authorized check signer, and performs the bank reconciliation. Inadequate separation of duties exists when the same individual has custody of assets, access to accounting records, and/or reconciliation responsibilities. Inadequate separation of duties could allow errors and fraud to occur without detection. Separation of duties weaknesses often occur in entities where there are few employees who must perform multiple duties. In situations where it is impractical to separate duties due to the small number of employees, additional controls should be implemented. In this case adequate compensating controls would include the following independent reviews/reconciliations by someone who does not handle cash and checks:

- A reconciliation of citations issued to citations received and recorded on the Court's accounting system to ensure that all citations received are recorded on the system. This would necessitate the cooperation of the entities that issue tickets within the jurisdiction of the Court.
- A review of collection efforts made by the court clerks to ensure that all necessary billing notifications (Failure to Appear Notices, warrants, etc.) are sent.
- A review of the accounts receivable adjustments made by the court clerks for propriety.

Recommendation:

We recommend that the Court separate these duties. If separation is not possible due to the limited number of employees at the Court, we recommend that the compensating controls mentioned above be implemented.

Court's Response:

- a. *We have implemented a procedure where each entity will provide a daily listing of their citations filed with the Court. A daily report will be generated after the citations have been filed to cross reference the listings. It should be noted that this procedure has always been in place with the Carbon County Sheriff Department. A log will be kept by the duty clerk of the day of the original filings with the daily report.*

However, there will be one exception to this procedure and that is with the Utah Highway Patrol. We have contacted them and they have not been able to implement a procedure to provide a listing of their citations. This problem is magnified by the fact that they file citations with every court in the State of Utah.

- b. *A report will be filed to ensure all "Delinquents" were either paid or that a collection*

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action was issued. (Reminder notice, FTA, OTSC, etc.)

- c. A daily "accounts receivables adjustments" report will be issued by the Supervisor and verified by the Judge. Judicial suspensions will be signed by the Judge after verification.*

2. INADEQUATE DOCUMENTATION FOR ADJUSTMENTS TO CASES

(Significant Weakness)

We tested a sample of 25 adjustments to case balances and noted that three of the cases did not have adequate supporting documentation to indicate the adjustment was appropriate. All adjustments should have sufficient supporting documentation to verify that the adjustment was appropriate and to provide an audit trail to facilitate an independent review of adjustments as recommended in finding No. 1.

Recommendation:

We recommend that the Court maintain appropriate supporting documentation for adjustments to cases.

Court's Response:

- a. Bail Schedule allowable suspensions will be filed with the daily adjustments report rather than with the actual case. A more thorough explanation for the suspension will be given for other suspensions. These suspensions will be verified daily by the Supervisor and another Clerk and initialed after verification. The report will also be verified by the Judge for the judicial suspensions.*
- b. A copy of the cleared return check will now be attached to the original case.*

3. ERRORS IN SURCHARGE REMITTANCE (Significant Weakness)

We examined the monthly surcharge remittances made by the Court and tested a sample of 25 cash receipts and the related surcharge payments and noted that the Court calculates surcharge amounts to be remitted to the State based on Surcharge Remittance Reports. We noted that the amounts remitted to the State were \$2,030.90 more than the applicable surcharges listed on the Revenue Distribution Report that was printed from the accounting system at the time of our testwork for calendar year 2004. This error occurred because the Court remits the surcharges to the State based on the violations recorded during the month (which appear in the Surcharge Remittance Reports), but does not adjust the remittances for changes to the initial fines that occur after the remittance. The Court should resolve the differences between the reports to ensure that the correct amount of surcharges due to the State are remitted.

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Recommendation:

We recommend that the Court perform periodic reconciliations of surcharge remittances to ensure that the correct amount of surcharges due to the State are remitted.

Court's Response:

The Court will compare the monthly report to the Clerk/auditors Office report for exactness.