



Dave Yost • Auditor of State

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INDEPENDENT ACCOUNTANTS' REPORT

Honorable Rupert E. Ruppert
Sherry Mullins, Clerk of the Municipal Court
City of Franklin Municipal Court
1 Benjamin Franklin Way
Franklin, Ohio 45005

We conducted a special audit of the City of Franklin Municipal Court by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period December 1, 2009 through October 28, 2010 (the Period) solely to:

- Examine City of Franklin Municipal Court's (Court) receipts issued electronically using the Court's computer system during the period December 1, 2009 through October 28, 2010 to determine whether the fines recorded as collected in the computerized cashbook were deposited intact.
- Examine documentation supporting codes deleted from defendants' electronic case files to determine whether codes deleted from the case files were for a valid Court action.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined Court receipts issued electronically using the Court's computer system during the Period to determine whether the fines recorded as collected in the computerized cashbook were deposited intact.

Significant Results - We issued findings for recovery against two former Court clerks, Jillian Kochersperger and Jennifer Brown, totaling \$1,921 and \$282, respectively, for monies collected but unaccounted for. Additionally, we issued three management recommendations suggesting the Court prohibit cashing personal checks with Court receipts; establish a policy governing receipt reversals; and enhance data entry to improve Court information accuracy.

2. We examined documentation supporting codes deleted from the defendants' electronic case files to determine whether codes deleted from the case files were for a valid Court action.

Significant Results - We issued one management recommendation suggesting the Court implement policies and procedures to improve control and monitoring of created and deleted Court docket codes.

3. In addition to the results reported above related to the specific objectives of the special audit we issued two management recommendations to address more general conditions we noted during our examination. The recommendations involved establishing an overall Court operations policies and procedures manual and improving daily balancing procedures.

The Court was offered an exit conference but declined. The Court did not provide a written response to this special audit report.

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

Dave Yost
Auditor of State

May 25, 2011

Supplement to the Special Audit Report

Background

In June 2010, the City of Franklin notified the Auditor of State (AOS) a theft had occurred at the Court. On July 22, 2010, AOS representatives met with the City of Franklin Police Department investigating the theft. The police investigation revealed Jill Kochersperger, deputy clerk, did not record tickets received in the Court's computer system, maintained payments and tickets received under her desk calendar, and did not include money received with that day's deposit from her drawer. On June 7, 2010, Ms. Kochersperger was placed on unpaid leave and subsequently terminated by the Court on July 1, 2010.

In response to this information the AOS performed additional procedures during the City of Franklin financial audit for the year ended December 31, 2009, to identify the amount of alleged loss during the period December 1, 2009 through June 7, 2010. While performing these procedures, discrepancies involving a second deputy clerk, Jennifer Brown, were identified. The Court placed Ms. Brown on unpaid administrative leave on October 28, 2010, and subsequently terminated her on November 12, 2010.

On November 22, 2010, in order to facilitate the completion of the City's financial audit, the Auditor of State initiated a separate special audit of the City of Franklin Municipal Court.

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General Comments

Our examination noted the following internal control conditions applicable to the Court's overall operations.

Policy & Procedure Manual

The Court did not have an official policies and procedures manual. Typically, policies and procedures were only verbally communicated to the Court staff. Due to the lack of uniform policies and procedures, we noted Court staff inconsistently applied certain fees and procedures. For instance, Court staff advised us the time to pay fee was charged on all cases where the case was not paid in full on the date of arraignment. Later during the audit, Court staff advised us the time to pay fee was to be charged only if the defendant did not pay court costs on the date of arraignment. As another example, Court staff advised us seat belt violations were always charged at full cost (i.e. state costs, city court costs, and HB 562) even if the seat belt violation was a secondary violation. Later during the audit, Court staff advised us that only city court costs were to be charged if the seat belt violation was a secondary violation.

Lack of a written policies and procedures manual exposes the Court to possible fraud and can lead to inconsistent or incorrect fees being collected. We recommend the Court create an official policies and procedures manual. This manual should include but not necessarily be limited to the following operational areas for which we noted inconsistencies during our audit:

- Vacating forfeiture fees.
- Applying time to pay fees.
- Applying court costs on cases with multiple violations.
- Applying payments received which are different than the amount ordered.
- Providing change to payers of court costs, fines, or fees.

Once created the manual should be updated as needed. Any changes or updates should be documented in writing and added to the manual. In addition, any such changes or updates should be provided to all Court staff in writing to ensure all individuals are properly informed about the change. We recommend the Court require employees to positively assert and acknowledge having received and read the manual and subsequent updates; and the Court retain proof of such employee assertions and acknowledgements.

Daily Balancing

At the end of each day, each clerk balanced their drawer and matched their monies with system generated reports. Prior to July 2010, the clerks compared only the totals on the bottom of the reports to the total collected in their drawers. Beginning in July 2010, either the Clerk of Courts or Chief Deputy Clerk counted the cash with the clerks and compared the cash in the drawer to the report. The money was then put into the safe and the Court closed for the day. The following morning, either the Clerk of Courts or Chief Deputy Clerk retrieved the money from the safe, prepared the deposit and took it to the bank.

During our review of deposits made in September 2010 through October 2010, we noted discrepancies between the tender collected according to the Daily Receipt Journal and the actual bank deposit. Upon inquiry with the Court, it was discovered the Court compared tender amounts but if they found discrepancies they did not document the discrepancy, its reason, or the resolution of it.

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Failure to properly document discrepancies found and the resolution of them could lead to theft or fraud and does not provide an adequate audit trail. We recommend the Court continue to reconcile the tender amounts on a daily basis. In addition to this process, we recommend that the Court document on the Daily Receipt Journal any discrepancies found and the resolution of the discrepancy. Any applicable supporting documentation should be maintained with the Daily Receipt Journal also. We also recommend the Court require all checks or money orders being deposited to include the corresponding case number and the initials of the individual handling the check or money order. No checks or money orders should be deposited until this information is properly documented.

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Objective No. 1 - We examined the Court's receipts issued electronically using the Court's computer system during the period December 1, 2009 through October 28, 2010, to determine whether the fines recorded as collected in the computerized cashbook were deposited intact.

PROCEDURES

We obtained from a CourtView representative a list of all receipts recorded from December 1, 2009 through October 28, 2010. We also obtained copies of all the Court's bank statements, deposits slips, and documentation supporting deposits for both the Court's Traffic/Criminal operating bank account and their VISA/MasterCard account for the Period.

For the time period of February 1, 2010 through June 7, 2010, we examined all case files related to the receipts received during this period. We examined daily deposits by comparing funds received per the receipt listing to funds deposited. We compared tender totals from the Daily Receipt Journals to the tender totals deposited, tracing checks and money orders deposited to the monies received. We examined all receipt reversals to ensure reversals were for a valid purpose and that a subsequent receipt was issued, if applicable. For the six week period prior to February 1, 2010, we noted discrepancies totaling less than \$100. Due to there being only minimal discrepancies we discontinued daily receipts to deposit reconciliations covering the time period of December 1, 2009 through January 31, 2010.

For the time period of June 8, 2010 through October 28, 2010, we performed the same procedures as above, but we did not examine all case files related to the receipts received. We examined all receipts that indicated change had been given and all receipts that were reversed. We only examined all receipts and the related case files if we found a discrepancy with the daily reconciliation that could not be attributed to the wrong tender type being entered into the system.

RESULTS

The Court's records identified 11,141 receipts issued from December 1, 2009 through October 28, 2010, totaling \$1,445,286.

During the audit period the Court deposited receipts into two bank accounts; the Criminal/Traffic account and VISA/Mastercard account. The Court made 262 deposits totaling \$1,434,465 into the Criminal/Traffic account and 214 deposits totaling \$233,773 into the VISA/Mastercard account.

We performed the above listed procedures for receipts recorded from February 1, 2010 through October 28, 2010. The results of our review of February 1, 2010 through June 7, 2010, noted the following exceptions:

- There was one \$25 cash receipt reversed that we could not determine if it was for a valid court action, nor could we determine if monies were missing.
- There were 81 instances where the incorrect tender type was entered into the CourtView system (i.e. checks were entered as cash and vice versa)
- There were 139 cases that had incorrect fees collected resulting in a total of \$5,155 being under collected.
- There were 95 cases that had incorrect fees collected resulting in a total of \$2,575 being over collected.
- There were 24 cases where the Docket & Journal Entry sheet did not agree to the CourtView system, which resulted in \$1,031 being under collected.

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The results of our review of June 8, 2010 through October 28, 2010, noted the following exceptions:

- There were 54 instances where the incorrect tender type was entered into the CourtView system (i.e. checks were entered as cash and vice versa)
- There were 18 cases that had incorrect fees collected resulting in a total of \$723 being under collected.
- There were 17 cases that had incorrect fees collected resulting in a total of \$659 being over collected.
- There were two cases where the Docket & Journal Entry sheet did not agree to the CourtView system. On both cases, the \$25 public defender fee was not added to the system.

FINDINGS FOR RECOVERY

Jillian Kochersperger

Ohio Rev. Code Section 1901.31(H) states in part each deputy clerk shall take an oath of office before entering upon the duties of the deputy clerk's office and, when so qualified, may perform the duties appertaining to the office of the clerk. Ohio Traffic Rule 13(A) states each court in Ohio is to establish a traffic violations bureau...The court shall appoint its clerk as violations clerk. Fines and costs shall be paid to, receipted by and accounted for by the violations clerk.

We identified 23 instances where monies were collected but unaccounted for as follows:

- In eight instances totaling \$261, a check or money order was deposited but was receipted for a different amount even though the check or money order was sent in for the correct amount.
- In two instances totaling \$39, a check or money order was received but change was given even though the correct amount was sent in.
- In eight instances totaling \$1,141, a check or money order was deposited but not receipted.
- In three instances totaling \$330, the check written from the Court's VISA/MasterCard bank account for the cases paid via credit card was written for more than the receipt activity listed.
- In one instance totaling \$50, a receipt of cash was recorded but could not be traced to deposit into a Court account.
- In one instance totaling \$100, a fine was reduced \$100 from the judge's ordered fine after a receipt was recorded, reversed and then reentered at an amount \$100 less.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Jillian Kochersperger in the amount of \$1,921, and in favor of the City of Franklin Municipal Court.

Jennifer Brown

Ohio Rev. Code Section 1901.31(H) states in part each deputy clerk shall take an oath of office before entering upon the duties of the deputy clerk's office and, when so qualified, may perform the duties appertaining to the office of the clerk. Ohio Traffic Rule 13(A) states each court in Ohio is to establish a traffic violations bureau...The court shall appoint its clerk as violations clerk. Fines and costs shall be paid to, receipted by and accounted for by the violations clerk.

We identified 16 instances where monies were collected but unaccounted for as follows:

- In five instances totaling \$77, a check or money order was deposited but was receipted for a different amount even though the check or money order was sent in for the correct amount.
- In ten instances totaling \$200, a check or money order was received but change was given even though the correct amount was sent in.
- In one instance totaling \$5, a money order was receipted but could not be traced to a deposit.

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In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Jennifer Brown in the amount of \$282, and in favor of the City of Franklin Municipal Court.

MANAGEMENT RECOMMENDATIONS

Cashing Personal Checks

We identified 59 instances where Court staff cashed personal checks with Court monies. Cashing personal checks could cause the Court to experience overages or shortages and incur fees for nonsufficient funds.

We recommend the Court implement a policy prohibiting the cashing of personal checks with Court monies.

Receipt Reversal Policy

The Court had insufficient controls over receipt reversals. During the audit period, there were 157 receipt reversals. The Court did not have a policy in place describing the circumstances when it would be appropriate to reverse a receipt, instances when prior approval of a reversal is required and required documentation to support the purpose of the reversal. Additionally, the Court did not monitor or review reversals after they occurred.

Failure to monitor receipt reversals exposes the Court to possible fraud. To ensure reversals are appropriate and for a valid Court action, we recommend that the Court implement the following:

- A periodic review of all receipt reversals. This review should be completed by the Clerk of Courts or the Judge and documented evidence of such a review should be maintained.
- A policy describing when it is appropriate to reverse a receipt, instances when prior approval is required and required documentation to support the purpose of the reversal.

Data Entry

There were numerous instances found where the Docket & Journal Entry sheet did not agree to the electronic CourtView system. As a result of these discrepancies, in some instances incorrect fees were collected. There were also numerous instances where the wrong tender type was entered into CourtView making it difficult to determine if the correct tender amounts were deposited to the bank.

These data entry errors expose the Court to possible fraud and inaccurate reporting. We recommend the Court staff use due care when completing the Docket & Journal Entry sheets and then entering the ticket information into the CourtView system. The information on the Docket & Journal Entry sheets should agree to the CourtView system. Also due care should be practiced when entering receipt information, especially the tender type received.

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Objective No. 2 - We examined documentation supporting codes deleted from defendants' electronic case files to determine whether codes deleted from the case files were for a valid Court action.

PROCEDURES

We interviewed the Clerk of Courts to gain an understanding of the Court's policies and procedures regarding code deletions within the Court's CourtView software system.

We obtained a list of all codes deleted from the Court's computer system from December 1, 2009 through October 28, 2010.

We reviewed the deleted codes to determine if they were deleted for a valid court action, whether the code should have been reentered into the system, whether it was or was not reentered, and whether the deleted item was paid by the defendant with a check or money order.

RESULTS

During the period December 1, 2009 through October 28, 2010, the Court system recorded 2,927 deleted codes related to 1,842 cases. Of these, 933 deleted codes did not involve an amount and as such had no financial impact and were not examined further. The remaining 1,994 deleted codes potentially had a financial impact as an amount was associated with the deleted code. However, of the 1,994 deleted codes with potential financial impact, 673 occurred on cases that had no record of receipt activity posted to it. For the 673 cases we selected ten deleted codes to ensure the codes were deleted for a valid court purpose and that there were no monies missing resulting from the deletes. We noted no exceptions with the ten deleted codes tested. Based on these results we limited further examination of the deleted codes to the 1,321 codes that occurred on cases with receipt activity during the audit period.

The results of our examination noted the following exceptions:

- There were 25 instances where a code was deleted and we could not determine if the delete occurred for a valid court action.
- There were 18 instances where time to pay was deleted on cases where the defendant made a partial payment on the date of their arraignment. Due to lack of documented policies regarding when to apply the fee and inconsistent application of the fee we could not conclude whether funds were due related to the deleted fee codes.

MANAGEMENT RECOMMENDATION

Creation and Deletion of Docket Codes

The Court had insufficient controls over the creation and deletion of docket codes. During the audit period, there were 2,927 codes deleted. The Court did not have a policy in place to describe the information which could be deleted from a case file or required authorization to do so. Also the Court did not require prior approval of deletions or a documented reason for deletions. Deleted codes also were not reviewed or monitored after they occurred. In addition, the clerks could create docket codes; however, there was no review or approval of created codes to ensure the codes were for actual court purposes.

Failure to monitor the creation and deletion of docket codes exposes the Court to possible fraud as a result of unauthorized changes to Court-ordered fines and costs. To ensure docket codes are properly monitored, we recommend the Court implement the following:

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- A periodic review of created docket codes to ensure there are no duplicate codes and that codes are for actual court purposes. This review should be completed by the Clerk of Courts or the Judge and evidence documenting the review should be retained.
- A policy describing docket codes and case information which can be created and/or deleted and the required authorization for making changes to case information. The policy should also include a requirement to clearly document the purpose for deleting codes or information and describe circumstances in which approval is required prior to deleting information.
- A periodic review of deleted codes to ensure deletions are for proper court purposes. This review should be completed by the Clerk of Courts or the Judge and evidence documenting the review should be maintained.



Dave Yost • Auditor of State

CITY OF FRANKLIN MUNICIPAL COURT

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 6, 2011