



**BELMONT COUNTY JUVENILE COURT
BELMONT COUNTY**

SPECIAL AUDIT

FOR THE PERIOD JANUARY 1, 2003 TO MARCH 24, 2006



Mary Taylor, CPA
Auditor of State

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BELMONT COUNTY JUVENILE COURT
SCHEDULE OF RELEVANT INDIVIDUALS
As of March 24, 2006

JUDGE

Honorable J. Mark Costine

ADMINISTRATION

Juvenile Court

Vita Baran	Chief Deputy Clerk
Marcia Faulkner ¹	Grants Administrator (resigned March 17, 2006)
Jennifer Shunk	Director of Court Programs and Finances
Barbara Gillespie	Deputy Clerk
Crystal Johnson	Deputy Clerk

C-CAP Program

Lance Mehl	Director
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Drug Court

Dave Carter	Coordinator
Sherry Patterson	Case Manager
Lawrence Faulkner	Compliance Officer

Diversion/Intake

Mary Lyle	Coordinator
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Community Service/Restitution

Patricia Hurt	Program Director
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¹ Marcia Faulkner's maiden name is Marcia Stahl.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable J. Mark Costine, Judge
Belmont County Juvenile Court
101 W. Main Street
St. Clairsville, Ohio 43950

At your request, we conducted a special audit of the Belmont County Juvenile Court (Court) for various periods² by performing the procedures enumerated in the attached Supplement to the Special Audit Report solely to:

- Determine the quantity, amount, nature, source, purpose and permissibility of transfers between Court funds for the period January 1, 2005 to March 24, 2006.
- Determine the quantity, amount, nature, source, purpose and permissibility of advances between Court funds for the period January 1, 2004 to March 24, 2006.
- Determine whether Court expenditures were for a proper public purpose, paid in a timely manner and paid from an allowable fund for the period January 1, 2005 to March 24, 2006.
- Determine whether the grant administrator was compensated in accordance with provisions authorized and approved by the Court for the period January 1, 2003 through March 24, 2006.
- Determine whether monies received by the Court for the intake and diversion and restitution and community service programs were deposited and accounted for during the period January 1, 2004 through March 24, 2006.

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 all transfers between Court special revenue funds for the period January 1, 2005 to March 24, 2006 to determine the quantity, amount, nature, source and permissibility of the transfers.

Significant Results: The Belmont County Auditor's Office identified five transfers all made on December 22, 2005, totaling \$1,148, from Court special revenue funds to the Belmont County General Fund—Juvenile Court cost center. The Court made these transfers to close the five special revenue funds because the grant period or the program for which the funds were established ended or were discontinued. We concluded that these transfers were permissible.

² The audit period for all issues originally was January 1, 2005 to March 24, 2006. Based on audit results it was necessary to expand the audit period for certain issues.

2. We examined advances between Court funds for the period January 1, 2004 to March 24, 2006 to determine the quantity, amount, nature, source and permissibility of the advances.

Significant Results: The Belmont County Auditor's Office identified 40 advances totaling \$178,027 between nine Court special revenue funds. The Belmont County Commissioners approved each of the advances. Per Auditor of State Bulletin 97-003, one of the requirements for making a proper advance is that there must be statutory authority to use the money in the fund advancing the cash (the creditor fund) for the same purpose for which the fund receiving the cash (the debtor fund) was established. We concluded that none of the 40 advances met this requirement.

From the end of the audit period to the date of this report, some of the advances were repaid. We issued findings for adjustment totaling \$79,526 for the remaining outstanding advances as of the date of this report.

3. We examined the Court's nonpayroll expenditures for the period January 1, 2005 to March 24, 2006 to determine if the expenditures were for a proper public purpose, paid in a timely manner and paid from an allowable fund.

Significant Results: We tested 71 nonpayroll expenditures which represented 89% of the Court's nonpayroll expenditures for the audit period. The expenditures tested were for a proper public purpose and were paid from an allowable fund. However, using a standard of payment made within 30 days of invoice receipt, we noted 89% of the expenditures tested were not paid timely. We noted no nonpayroll expenditures payable to Court grant administrator, Marcia Faulkner.

We made a management recommendation related to voucher package preparation to improve timely invoice payments.

4. We examined Court payroll expenditures and supporting documentation to determine whether the Court grant administrator, Marcia Faulkner, was compensated for the period January 1, 2003 to March 24, 2006 in accordance with provisions authorized and approved by the Court.

Significant Results: While Ms. Faulkner was compensated her base salary in accordance with provisions authorized by the Court, she was overcompensated for certain supplemental compensation she received. Ms. Faulkner received a biweekly compensation supplement for services she provided for the Drug Court Enhancement grant. Following the end of the Drug Court Enhancement grant period, Ms. Faulkner initiated a change of fund from which this supplement was paid and continued to receive the supplement. Additionally, Ms. Faulkner initiated an increase in the supplemental compensation she received for assisting the Court in placing children in its custody. When interviewed, Judge Costine asserted that he was not aware of the change in funds or the increase in the quarterly supplement. We issued findings for recovery against Ms. Faulkner totaling \$32,258 for unauthorized compensation.

We also made management recommendations regarding documenting salary rates and establishing position descriptions.

5. We examined receipts of the restitution and community service; and intake and diversion programs for the period January 1, 2004 to March 24, 2006 to determine whether monies received were deposited and posted to the proper fund(s).

Significant Results: While not always documented by a pay-in or some form of receipt, it was standard operating procedure that monies collected by the restitution and community service program director and the intake and diversion coordinator were submitted to the Court grant administrator, Marcia Faulkner, for deposit with the county auditor. Additionally, for a portion of the period, the intake and diversion coordinator retained copies of the individual deposit items and had a deputy clerk count and attest to the deposit amount provided to Ms. Faulkner.

Of \$43,047 in restitution and community service payments received, only \$29,890 was deposited with the county auditor. Of \$22,238 in intake and diversion program payments received, only \$15,485 was deposited with the county auditor. Additionally, during the audit period less in cash was deposited with the county auditor than documented as collected by the restitution and community service program director, intake and diversion coordinator, and deputy clerks. Of \$15,303 in cash payments received only \$4,606 in cash was deposited with the county auditor. We issued findings for recovery against Ms. Faulkner totaling \$19,910 for monies collected but unaccounted for.

We issued a noncompliance citation for untimely deposit of funds and made management recommendations to improve collection procedures, safeguard assets, and accurately post receipts to the proper funds and line accounts.

6. The Court declined a formal exit conference; however, asserted that the outstanding advances noted in Issue No. 2 have been repaid to the appropriate funds; and many of the noted citations and recommendations have been addressed. The Auditor of State did not examine documentation or obtain corroborating information to test the Court's assertion.



Mary Taylor, CPA
Auditor of State

July 31, 2007

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Supplement to the Special Audit Report

Background

In a letter dated March 27, 2006, Belmont County Juvenile Court (Court) Judge J. Mark Costine requested a special audit of certain Court financial activity related to advances and transfers, Court expenditures, the Court grant administrator's compensation, and certain receipts collected by the Court. According to Judge Costine's letter, the Court experienced personnel changes including the resignation of the Court grant administrator, Marcia Faulkner. Ms. Faulkner resigned on March 17, 2006.

In April 2006, the Auditor of State's Special Audit Task Force considered Judge Costine's request and determined that his concerns would be reviewed as part of the financial audit of Belmont County for the year ended December 31, 2005. While performing audit procedures to address the concerns, the audit team noted certain irregularities. Due to the length of time to resolve these matters and a desire to not further delay the release of the County's 2005 financial audit report, the Auditor of State initiated a special audit of the Belmont County Juvenile Court on February 16, 2007.

In September 2009, Ms. Faulkner pleaded guilty to one count of theft in office and was ordered to repay \$41,095 to the county. She was sentenced to six months in jail and five years of community control.

Supplement to the Special Audit Report

ISSUE 1 – Transfers Between Juvenile Court Funds

We examined transfers between Court funds for the period January 1, 2005 to March 24, 2006³ to determine the quantity, amount, nature, source and permissibility of the transfers.

PROCEDURES

1. We obtained a schedule of all Court transfers from the Belmont County Auditor's Office which identified the funds transferred from, funds transferred to, date of transfers, and the dollar amount of transfers.
2. We examined the Board of County Commissioners minutes and noted the resolutions passed authorizing the Court transfers identified by the Belmont County Auditor's Office.
3. We examined the Belmont County receipt ledger and appropriation ledger and noted any transfers between Court funds that were not identified by the Belmont County Auditor's Office.
4. We examined supporting documentation for all transfers between Court funds to ascertain the purpose and permissibility of the transfers.

RESULTS

1. The Belmont County Auditor's Office identified five transfers totaling \$1,148. All five of the transfers occurred on December 22, 2005, and were from Court special revenue funds to the Belmont County General Fund—Juvenile Court cost center. The five Court special revenue funds were: M050 Youth Services Subsidy Program, M061 CCAP Stress Challenge, M062 Intake Coordinator, M065 Intervention Specialist, and M066 Electronic Monitoring Grant.
2. The Board of County Commissioners minutes contained a resolution authorizing the five Court transfers identified by the Belmont County Auditor's Office. Our examination of the minutes did not note any additional Court transfers.
3. We traced the five Court transfers identified by the Belmont County Auditor's Office to the Belmont County receipt and appropriation ledgers. Our examination of the receipt and appropriation ledgers did not note any additional Court transfers.
4. The Court initiated the five transfers to close five discontinued Court special revenue funds. The funds were closed because either the grant period ended or the Court discontinued the program for which the funds were established. We concluded that the transfers were permissible.

³ See footnote 2.

Supplement to the Special Audit Report

ISSUE 2 – Advances Between Juvenile Court Funds

We determined the quantity, amount, nature, source, purpose and permissibility of advances between Court funds for the period January 1, 2004 to March 24, 2006.⁴

PROCEDURES

1. We obtained a schedule of Court advances from the Belmont County Auditor's Office. The schedule listed the funds advanced from, funds advanced to, date of advance, the dollar amount of the advance and the date repaid, if any.
2. We examined the County Board of Commissioners minutes and noted the resolutions passed authorizing the advances identified by the Belmont County Auditor's Office.
3. We examined the Belmont County receipt ledger and appropriation ledger and noted any advances between Court funds that were not identified by the Belmont County Auditor's Office.
4. We examined supporting documentation for all advances between Court funds to ascertain the purpose and permissibility of the advances.

RESULTS

1. The Belmont County Auditor's Office identified 40 advances totaling \$178,027 between nine Court special revenue funds. We did not test advances made from the General Fund—Juvenile Court cost center.
2. The Board of County Commissioners minutes contained a resolution authorizing the 40 advances identified by the Belmont County Auditor's Office. Our examination of the minutes did not note any additional Court advances.
3. We traced the 40 advances identified by the Belmont County Auditor's Office to the Belmont County receipt and appropriation ledgers. Our examination of the Belmont County receipt and appropriation ledgers did not note any additional Court advances.
4. We concluded that all 40 Court advances were not permissible based on the requirements of Auditor of State Bulletin 97-003. While some of the Court advances were repaid during the audit, as of the date of this report \$79,526 remained outstanding.

FINDING FOR ADJUSTMENT

Per AOS Bulletin 97-003 a cash advance may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans. The intent for this type of cash advance is to require repayment within the current year.

Interfund cash advances are subject to the following requirements:

- A. Any advance must be clearly labeled as such, and must be distinguished from a transfer;
- B. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the creditor fund) for the same purpose for which the fund receiving the cash (the debtor fund) was established;

⁴ See Footnote 2.

Supplement to the Special Audit Report

- C. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of money to be used to make the reimbursement;
- D. Advances must be approved by a formal resolution of the taxing authority of the subdivision; and
- E. The resolution must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the money (fund) from which it is expected that repayment will be made.

For the period January 1, 2004 to March 24, 2006, the Court made 40 advances between individual Court special revenue funds. None of the Court advances met the requirements of (B) and (C) above. Each of the Court's special revenue funds was created separately because the monies placed in them were restricted for use for a specific purpose.

While some of the Court advances were repaid during the audit, as of the date of our report the following advances remained outstanding.

Fund Advanced From	Fund Advanced To	Outstanding at 7/31/07
M60 Care & Custody	M67 Alternative School	\$17,071
M60 Care & Custody	M74 Title II/Drug Court*	13,341
M64 Placement	M67 Alternative School	15,965
M64 Placement	M74 Title II/Drug Court*	5,348
M64 Placement	M77 Supreme Court	7,471
M67 Alternative School	M73 Drug Court IV*	2,332
M75 Placement II	M60 Care & Custody	6,481
M75 Placement II	M67 Alternative School	5,911
M75 Placement II	M77 Supreme Court	1,609
M77 Supreme Court	M60 Care & Custody	1,362
M78 Title IV-E	M77 Supreme Court	2,635
TOTAL		\$79,526

* - "Fund Advanced To" was closed as of July 31, 2007 so adjustments were made against the General fund - Juvenile Court cost center

The Belmont County Commissioners passed resolutions on April 26, 2006 and July 12, 2006 making a permanent transfer of all outstanding advances in the above schedule. We concluded the Commissioners actions did not remedy this matter since the advances were not permissible at their inception.

A finding for adjustment is hereby issued against the General fund - Juvenile Court cost center in the amount of \$21,021, the M77 Supreme Court fund in the amount of \$11,715, the M60 Care & Custody fund in the amount of \$7,843, and the M67 Alternative School fund in the amount of \$38,947 and in favor of the M60 Care & Custody fund in the amount of \$30,412, the M64 Placement fund in the amount of \$28,784, the M67 Alternative School fund in the amount of \$2,332, the M75 Placement II fund in the amount of \$14,001, the M77 Supreme Court fund in the amount of \$1,362, and the M78 Title IV-E fund in the amount of \$2,635.

Supplement to the Special Audit Report

ISSUE 3 – Review of Juvenile Court Expenditures

We examined the Court's nonpayroll expenditures for the period January 1, 2005 to March 24, 2006⁵ to determine if the expenditures were for a proper public purpose, paid in a timely manner and paid from an allowable fund.

PROCEDURES

1. We scheduled all Court nonpayroll expenditures over \$1,000 for testing. We also examined a detailed list of all Court expenditures made during the audit period and selected nonpayroll expenditures made payable to Court grant administrator, Marcia Faulkner, regardless of dollar amount, for testing.
2. For the Court expenditures selected for testing we examined supporting documentation to determine if the expenditures were for a proper public purpose.
3. For the Court expenditures selected for testing we examined the voucher packages to determine if the expenditures were paid from an allowable fund.
4. For the Court expenditures selected for testing we compared the warrant date to the invoice date to determine if the Court paid vendors timely.

RESULTS

1. We identified 71 Court nonpayroll expenditures for testing. These 71 Court expenditures represented 89% of the total dollar amount of the Court's nonpayroll expenditures for the audit period. The Court did not make any nonpayroll expenditures to Court grant administrator, Marcia Faulkner, during the audit period.
2. All 71 Court expenditures tested were for a proper public purpose.
3. All 71 Court expenditures tested were paid from an allowable fund. However, we did note 13 instances where Court expenditures were charged to the correct fund but the incorrect line account.
4. Using the standard of payment within 30 days of receiving an invoice, 89% of the Court expenditures tested were not paid in a timely manner.

MANAGEMENT COMMENT

Preparation of Voucher Packages

The standard operating procedure for paying Court bills required the Court grant administrator to prepare voucher packages and submit them to the county auditor for payment. The Court grant administrator was also responsible for preparing and reviewing the fund and line account written on the voucher package.

The Court did not establish a timetable for preparing the voucher package after the receipt of the invoice. Vendors were not paid timely in 89% of the expenditures selected for testing causing the Court to occasionally incur unnecessary late fees and finance charges.

We recommend that the Court adopt a policy setting a timetable for voucher packages to be completed within a standard number of days of receiving an invoice. When doing so, the Court should be cognizant of the time needed to obtain commissioners' approval and the county auditor's warrant writing schedule.

⁵ See Footnote 2.

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ISSUE 4 – Grants Administrator’s Compensation

We examined payroll expenditures and supporting documentation to determine whether the Court grant administrator, Marcia Faulkner, was compensated for the period January 1, 2003 to March 24, 2006⁶ in accordance with provisions authorized and approved by the Court.

PROCEDURES

1. We examined documentation supporting the hiring of the Court grant administrator, Marcia Faulkner, and her Court approved pay rates from the date of her hiring to her separation from Court employment.
2. We examined documentation supporting Ms. Faulkner's salary increases as the Court grant administrator and scheduled her authorized salary throughout the audit period. We examined Ms. Faulkner's base salary and her supplemental compensation.
3. We examined the Belmont County payroll register for the audit period and scheduled payments to Ms. Faulkner to determine the actual amounts, and from which funds Ms. Faulkner was paid. We compared the actual amount paid to the authorized amount to be paid as determined by Procedure No. 2 to determine whether Ms. Faulkner was compensated in accordance with provisions authorized by the Court.

RESULTS

1. The Court docket entry dated February 14, 1996, signed by Court Judge John J. Malik, Jr. appointed Marcia Lynn Stahl⁷ as a program coordinator, grant administrator and deputy clerk for the Juvenile Court of Belmont County.
2. For Court employees paid from the General fund—Juvenile Court cost center, salary rates were set by court docket entries signed by the judge. For Court employees paid by grants or other funding, only a letter (salary rate letter) signed by the judge and/or Court grant administrator describing the rate change(s) was required to modify employee salary rates. Ms. Faulkner was paid a base salary from the General fund—Juvenile Court cost center, and supplemental compensation from each grant or program for which she provided services.

Using the Court docket entries, we calculated Ms. Faulkner's base salary for the audit period to be \$40,145 for 2003, \$42,230 for 2004, \$43,497 for 2005 and \$44,802 for 2006. In addition to the docket entries, the Court maintained salary rate letters related to Ms. Faulkner's base salary. In some instances the salary rate letters were signed by the Court judge and in others the judge's name was signed by Ms. Faulkner. When interviewed, Judge Costine did not take exception with any of the base salary amounts reflected on the salary rate letters for which Ms. Faulkner signed his name.

Based on salary rate letters Ms. Faulkner also received supplemental compensation during the audit period from three sources; a biweekly supplement paid from the M055 C-CAP fund; a biweekly supplement paid from the M071 Drug Court Enhancement Grant fund; and a quarterly supplement paid from the M064 Placement Services fund. Similar to the salary rate letters involving Ms. Faulkner's base salary, some of the salary rate letters for her supplemental compensation were signed by Judge Costine and some contained Judge Costine's name signed by Ms. Faulkner. When interviewed, Judge Costine asserted that he was not aware of certain increases or modifications to Ms. Faulkner's supplemental compensation as documented in some of the salary rate letters.

⁶ See Footnote 2.

⁷ See Footnote 1.

Supplement to the Special Audit Report

M055 C-CAP and M071 Drug Court Enhancement Grant funds – A salary rate letter dated November 2, 2001, signed by Judge Costine established Ms. Faulkner's biweekly supplemental compensation from the M055 C-CAP fund at \$618.12. A salary rate letter dated October 22, 2001, signed by Judge Costine established Ms. Faulkner's biweekly supplemental compensation from the M071 Drug Court Enhancement Grant fund at \$467.66. The supplemental compensation from M071 was to compensate Ms. Faulkner for services she provided related to the Drug Court Enhancement Grant program. The project period for the Drug Court Enhancement Grant was September 1, 2001 to August 31, 2003. A salary rate letter dated July 25, 2003, signed by Judge Costine stated that "Marcia Faulkner will move from M071 to M055." In a separate letter dated July 23, 2003, signed by Ms. Faulkner and addressed to a representative of the Belmont County Auditor's Office, Ms. Faulkner's supplemental compensation paid from the M055 C-CAP fund was increased to \$1,085.78. The salary rate letter did not state a reason for the change in funding. The increase in the biweekly amount paid from the M055 C-CAP equaled the biweekly amount previously paid by the M071 Drug Court Enhancement Grant fund. Ms. Faulkner received the increased biweekly supplemental compensation paid from the M055 C-CAP fund from that point until her separation from Court employment. When interviewed, Judge Costine asserted that he was not aware that the supplemental compensation once paid from the M071 Drug Court Enhancement Grant fund was changed to be paid from the M055 C-CAP fund or the reason for doing so.

M064 Placement Services fund – The supplemental compensation from the M064 Placement Services fund was to compensate Ms. Faulkner for services she provided in assisting the Court in the placement of children in the Court's custody. A salary rate letter dated June 27, 2005 contained a \$620 increase in Ms. Faulkner's quarterly supplemental compensation. The \$620 increase was included in two subsequent quarterly supplemental compensation salary rate letters for Ms. Faulkner. In all three instances, Judge Costine's name was signed by Ms. Faulkner on the salary rate letter.

3. Total payroll payments to Ms. Faulkner for the audit period equaled her base salary, supplemental compensation, and increases as documented in Court docket entries and salary rate letters. However, because the Drug Court Enhancement Grant project period ended August 31, 2003, we do not believe that Ms. Faulkner provided any services from September 2003 to March 2006 for which the biweekly supplemental compensation related to that grant was originally established. Ms. Faulkner continued to receive that biweekly supplemental compensation by increasing her supplemental compensation from another fund.

Additionally, when interviewed, Judge Costine asserted that he was not aware of the increase in Ms. Faulkner's quarterly supplemental compensation as documented on salary rate letters on which Ms. Faulkner signed Judge Costine's name.

FINDING FOR RECOVERY

In October 2001 Marcia Faulkner was authorized to receive biweekly supplemental compensation for the services she provided related to the Drug Court Enhancement Grant program. The grant project period was September 1, 2001 to August 31, 2003. There is no evidence that Ms. Faulkner provided any services from September 2003 to March 2006 for which the biweekly supplemental compensation related to that grant was originally established. However, Ms. Faulkner continued to receive this biweekly supplemental compensation by increasing her supplemental compensation from another fund. The total of the supplemental compensation paid to Ms. Faulkner for unperformed grant related services was \$30,398.

Ms. Faulkner was authorized to receive quarterly supplemental compensation for her services related to the placement program. A salary rate letter dated June 27, 2005 contained a \$620 increase to Ms. Faulkner's quarterly supplemental compensation. The \$620 increase was included in two subsequent quarterly supplemental compensation salary rate letters for Ms. Faulkner. In all three instances Judge Costine's name was signed by Ms. Faulkner on the salary rate letter. When interviewed, Judge Costine asserted that he was not aware of the increase in Ms. Faulkner's quarterly supplemental compensation. The total of the unauthorized increase in quarterly supplemental compensation was \$1,860.

Supplement to the Special Audit Report

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Marcia Faulkner, Juvenile Court grant administrator and her bonding company, State Automobile Mutual Insurance Company, Policy Number CRP 1333527, jointly and severally, in the total amount of \$32,258 in favor of the Belmont County Juvenile Court.

MANAGEMENT COMMENTS

Salary Rate Approval

For Court employees paid from the General fund—Juvenile Court cost center, the salary rate information was recorded as a court docket entry signed by the judge. This information was forwarded to the Belmont County Auditor's Office to be input into the payroll system. For employees paid by grants or other funding sources, a salary rate letter was prepared and signed by Judge Costine or Ms. Faulkner and forwarded to the Belmont County Auditor's Office for input into the payroll system. For employees paid by grants or other funding sources, Ms. Faulkner had the authority to sign Judge Costine's name on salary rate changes that were forwarded to the Belmont County Auditor's Office.

The Belmont County Auditor's Office received salary rate letters from the Court in which some letters were signed by Judge Costine and other letters Judge Costine's name was signed by Ms. Faulkner. Ms. Faulkner also signed Judge Costine's name on salary rate letters that contained changes to her own compensation.

We recommend one employee be granted authority to sign salary rate letters submitted to the Belmont County Auditor's Office. For the one employee who has authority to sign the salary rate letters, the Court judge should countersign the applicable salary rate letters. The Belmont County Auditor's Office should be notified in writing of these procedures to allow its employees to disallow any salary rate letters that do not follow proper procedures.

Job Position Descriptions and Pay Rates

There were various employment positions within the Court. However, the Court had no written job position descriptions for any of the positions. Some Court job positions are paid base salaries from the General fund and also receive supplemental salaries from grants or other funding sources.

Without written job position descriptions the Court may unnecessarily pay employees supplemental compensation for routine duties for which they are already being compensated a base salary amount.

We recommend the Court develop written job position descriptions for each Court employment position.

Supplement to the Special Audit Report

ISSUE 5 – Collections from the Restitution & Community Service and Intake & Diversion Programs

We examined receipts of the restitution and community service; and intake and diversion programs for the period January 1, 2004 to March 24, 2006⁸ to determine whether monies received were deposited and posted to the proper fund(s).

PROCEDURES

1. We interviewed Court employees and performed a walkthrough to gain an understanding of the internal controls and the procedures in place for collecting payments for the restitution and community service program and depositing the monies with the Court grant administrator, Marcia Faulkner.
2. We interviewed Court employees and performed a walkthrough to gain an understanding of the internal controls and procedures in place for collecting payments for the intake and diversion program and depositing the monies with the Court grant administrator, Marcia Faulkner.
3. We interviewed Court employees and performed a walkthrough to gain an understanding of the internal controls and procedures in place for collecting payments at the Court front counter and depositing the monies with the Court grant administrator, Marcia Faulkner.
4. We scheduled all pay-ins listed in the Belmont County receipt ledger under the M055 C-CAP fund⁹ for the audit period.
5. We scheduled all duplicate receipts prepared by the restitution and community service program director. We noted the receipt number, receipt date, person received from, type of payment (i.e. money order, check or cash), case number, amount paid, and the date the restitution and community service program director submitted the pay-ins and monies to Ms. Faulkner.
6. We examined documentation supporting that the monies provided by the restitution and community service program director to Ms. Faulkner were deposited by Ms. Faulkner with the county auditor's office.
7. We examined a listing of all juvenile cases heard by the Court during the audit period. Because the restitution process was controlled by a single individual, the restitution and community service program director, we identified the restitution and community service cases and selected cases for further examination to test the existence and completeness of case files, including verification of loss forms.
8. We examined a database log maintained by the intake and diversion coordinator for all cases referred to the intake and diversion coordinator for the audit period. To test the completeness and accuracy of the information maintained in the database log, we selected case files and traced the information from the case files to the database log.
9. We traced the amounts provided to Ms. Faulkner for the period January 1, 2004 to March 26, 2006¹⁰, as documented by the intake and diversion coordinator's database log, to the pay-ins submitted by Ms. Faulkner to the county auditor's office to determine whether the funds were deposited intact.

⁸ See Footnote 2.

⁹ The M055 C-CAP fund receives revenue from multiple sources. This step was necessary to isolate the amounts posted to the fund for the intake and diversion and restitution and community service programs.

¹⁰ It was not until September 2004 that the intake and diversion coordinator began making copies of individual deposit items provided to Ms. Faulkner for deposit.

Supplement to the Special Audit Report

10. We scheduled all duplicate receipts prepared by Court deputy clerks at the front counter for collections of the restitution and community service or intake and diversion programs for the audit period. We noted the receipt number, receipt date, person received from, received for, type of payment (i.e. money order, check or cash), case number, amount paid, which deputy signed the receipt and the date the pay-in and money were submitted to Ms. Faulkner. We examined documentation supporting that the monies provided by the deputy clerks at the front counter to Court grant administrator, Marcia Faulkner, were deposited by Ms. Faulkner with the county auditor's office.

RESULTS

1. We documented our understanding of the restitution and community service program's collection and deposit procedures and internal controls in a narrative retained in our working papers. Significant procedures and internal controls were as follows:
 - Monies were generally collected at an outside collection point where a duplicate receipt was provided to individuals making payments.
 - A duplicate receipt book was maintained at the outside collection point.
 - The duplicate receipt noted the type of payment as cash, check or money order.
 - It was standard operating procedure that monies collected were subsequently provided to Ms. Faulkner or placed in a file cabinet in her office for deposit.
 - Ms. Faulkner prepared pay-in documents and made deposits with the county auditor's office.
 - There was no documentation supporting the amount the restitution and community service program director provided to Ms. Faulkner.
2. We documented our understanding of the intake and diversion program's collection and deposit procedures and internal controls in a narrative retained in our working papers. Significant procedures and internal controls were as follows:
 - Monies were generally collected at an outside collection point.
 - In 2004 and 2005 the intake and diversion coordinator did not use duplicate receipts or other means to record fees collected.
 - The intake and diversion coordinator maintained a log of the amounts and the dates that monies were provided to Ms. Faulkner.
 - The intake and diversion coordinator retained calculator tapes initialed by Court deputy clerks who independently counted cash and money orders prior to the intake and diversion coordinator submitting the monies to Ms. Faulkner for deposit.
 - It was standard operating procedure that monies collected were subsequently provided to Ms. Faulkner or given to a deputy clerk that shared an office with Ms. Faulkner.
 - Ms. Faulkner prepared pay-in documents and made deposits with the county auditor's office.
3. We documented our understanding of the Court deputy clerks' collection and deposit procedures and internal controls related to the intake and diversion and restitution and community service programs in a narrative retained in our working papers. Significant procedures and internal controls were as follows:
 - Monies were generally collected by Court deputy clerks at the front counter.
 - A duplicate receipt was prepared and provided to individuals making payments.
 - A duplicate receipt book was maintained.
 - The duplicate receipt noted the type of payment as cash, check, or money order.
 - It was standard operating procedure that monies collected were subsequently provided to Ms. Faulkner or placed in a file cabinet in her office for deposit.
 - Ms. Faulkner prepared pay-in documents and made deposits with the county auditor's office.
 - There was no documentation supporting the amounts the deputy clerks provided to Ms. Faulkner.
4. For the audit period the County posted \$14,440 to the M055 C-CAP fund for the intake and diversion program and \$29,844 for the restitution and community service program.

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5. The duplicate receipt book contained 357 restitution and community service program receipts totaling \$34,992. We traced the payments documented by the duplicate receipts to the case files without exception. We noted 19 payments totaling \$2,266 which were documented in the case files; however, a duplicate receipt was not issued. These payments were traced to deposits with the county auditor's office without exception.

Payments received by the restitution and community service program director were not deposited within 24 hours to the Court grant administrator. The amount of time between receipt and deposit ranged from three to ten days. The monies were also not safeguarded up to the point they were deposited with the Court grant administrator.

6. It was standard operating procedure that monies collected by the restitution and community service program director were submitted directly to the Court grant administrator, Marcia Faulkner, or placed in her office file cabinet for deposit with the county auditor. Of the \$34,992 in restitution received as documented by duplicate receipts, only \$27,243 was deposited with the county auditor.

During this period little cash from restitution and community service payments was deposited. Although the restitution and community service program director recorded \$4,025 in cash payments, Ms. Faulkner deposited only \$895 in cash with the county auditor.

7. From a list of 147 restitution cases we selected 83 for further examination to test the existence and completeness of restitution case files. The restitution and community service program director created and maintained a case file for 100% of the cases we selected. A verification of loss form was not always present, but when not present, other documentation was available to substantiate the amount of loss determined by the restitution and community service program director.
8. To test the completeness and accuracy of the database log maintained by the intake and diversion coordinator, we selected 30 case files from 2004 and 30 case files from 2005 and traced the relevant information from the case files to the database log without exception.
9. The database log maintained by the intake and diversion coordinator supported that \$21,728 was submitted to Ms. Faulkner for deposit with the county auditor. Of the \$21,728 in intake and diversion fees collected as documented by the database log, only \$14,975 was deposited with the county auditor. For the period September 1, 2004 to March 24, 2006, documentation maintained by the intake and diversion coordinator indicated that each deposit was reviewed by a Court deputy clerk who recounted the cash and money orders and attested to the amount submitted to Ms. Faulkner. The intake and diversion coordinator also retained copies of the cash and money orders paid by program participants.

During this period little cash from intake and diversion fees was deposited. Although the intake and diversion coordinator recorded \$6,605 in cash payments, Ms. Faulkner deposited only \$3,190 in cash with the county auditor.

We noted the following internal control weaknesses for which we made management recommendations and a noncompliance citation:

- The intake and diversion coordinator did not prepare a pre-numbered duplicate receipt for fees received from each participant in the program.
 - No pay-ins or other document was prepared to record the amount of money exchanged between the intake and diversion coordinator and the Court grant administrator.
10. During the audit period the Court deputy clerks issued 91 duplicate receipts totaling \$8,055 for the restitution and community service program and 12 duplicate receipts totaling \$510 for the intake and diversion program. We traced the payment for the 103 duplicate receipts to the respective restitution and community service or intake and diversion program case files without exception.

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Of the \$8,055 in restitution and community service fees received by the Court deputy clerks as documented by duplicate receipts, only \$2,647 was deposited with the county auditor. All of the \$510 in intake and diversion revenue received by the Court deputy clerks as documented by duplicate receipts was deposited with the county auditor. For payments received by Court deputy clerks at the front counter for both programs, it was standard operating procedure that the money and original copy of the duplicate receipt was submitted to Ms. Faulkner, or placed in her office file cabinet for deposit with the county auditor's office. A copy of the duplicate receipt was provided to the appropriate program director or coordinator.

During this period little cash was deposited for both programs. Although the duplicate receipts indicated that the Court deputy clerks collected \$4,513 in cash for restitution and community service, Ms. Faulkner deposited only \$361 in cash with the county auditor for restitution.

The Court deputy clerks at the front counter prepared duplicate receipts for each payment collected but the Court deputy clerks did not write the case number on the duplicate receipt. This could allow individuals with multiple cases to have the payment credited to the wrong case.

FINDING FOR RECOVERY

Of \$43,047 in restitution payments received by the restitution and community service program director and Court deputy clerks as documented by duplicate receipts, only \$29,890 was deposited, leaving \$13,157 unaccounted for. It was standard operating procedure that these monies were submitted directly to Juvenile Court grant administrator, Marcia Faulkner, or placed in her office file cabinet for deposit with the county auditor.

The intake and diversion coordinator maintained a database log of the amounts collected and provided to Ms. Faulkner for deposit with the county auditor. Additionally, for a period of time the intake and diversion coordinator retained copies of the individual deposit items and required a Court deputy clerk to count and attest to the deposit amount when providing it to Ms. Faulkner for deposit. Of \$21,728 in intake and diversion fees collected as documented by the database log, only \$14,975 was deposited, leaving \$6,753 unaccounted for.

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 Marcia Faulkner, Juvenile Court grant administrator, and her bonding company, State Automobile Mutual Insurance Company, Policy Number CRP 1333527, jointly and severally, in the total amount of \$19,910 in favor of the Belmont County Juvenile Court.

NONCOMPLIANCE CITATION

Timely Deposit

Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

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The intake and diversion coordinator generally provided the Court grant administrator fees she collected the day of the intake and diversion program or the next business day. We noted intake and diversion fees collected by the intake and diversion coordinator and submitted to Court grant administrator ranged from two weeks to five months until they were deposited with the county auditor. Restitution and community service payments collected by the restitution and community service program director were usually given to the Court grant administrator only once or twice a week. We noted restitution collected by the restitution and community service program director and submitted to the Court grant administrator ranged from one week to five months until they were deposited with the county auditor. The risk of loss due to misplacement or theft increases with such a lengthy time period between receipt and deposit.

We recommend the Court grant administrator deposit intake fees and restitution and community service payments with the county auditor's office on the business day following the day of receipt or adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it.

MANAGEMENT COMMENTS

Intake & Diversion Program – Duplicate Receipts

In 2005 and 2004 the intake and diversion coordinator did not maintain a duplicate receipt book to record all fees collected. In addition, the intake and diversion coordinator did not consistently document in the case files whether intake fees were collected. By not maintaining a duplicate receipt book or recording intake fees received in the case file the risk of errors not being detected in a timely manner or theft increases.

In order to enhance internal controls, we recommend the intake and diversion coordinator maintain a duplicate receipt book to record all fees collected. Once a fee is collected and recorded in the duplicate receipt book, the intake and diversion coordinator should either indicate in the case file the receipt number and date of collection or attach a duplicate copy of the receipt to the case file. In addition, if a fee was paid by money order, a copy of the money order should be maintained in the case file.

Safeguarding Assets

The Court grant administrator requested the intake and diversion coordinator and the restitution and community service program director to directly deposit all collections to her or in the event that she was not available, place the collections in an envelope in her file cabinet. The file cabinet was sometimes kept locked with the key being available to all employees wanting access to the file cabinet.

The collections maintained at the restitution and community service program director's office and the collections maintained in the Court grant administrator's office were not properly safeguarded. As a result, collections could be misplaced or possible theft could occur.

In order to enhance internal controls over safeguarding of assets, we recommend the Court adequately protect cash receipts at all collection points up to the point of deposit.

Posting of Receipts

Receipts should be posted to the line item accounts as established by Section 117-5-01 of the Ohio Administrative Code and posted to the funds as established by the Court.

We identified receipts that were posted to line accounts and funds that were incorrect based on the source of the receipt. The M055 C-CAP fund was created for revenues from the C-CAP program, but we identified restitution and community service payments, intake and diversion fees, Alternative School grant monies, drug court fees and assorted donations recorded in the M055 C-CAP fund.

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We recommend the Court develop internal controls procedures to ensure the proper coding of pay-ins made to the county auditor's office. Restricted revenues should be deposited into the funds that the Court has established for those revenues.

Collection Procedures—Restitution and Community Service

While examining the restitution and community service collection procedures we noted the following internal control weaknesses:

- Victim Verification of Loss forms were not always in the case file, although other documentation was in the case file to support the restitution amount.
- The restitution amount or community service hours to be performed as determined by the restitution and community service program director were not submitted to the judge for his approval.
- The restitution and community service program director did not maintain a database of court cases submitted to her from the Court.
- The Court created a separate fund for all restitution payments to be deposited into and victim payments to be made from but the fund was not used.
- Victim invoices were not submitted to the county auditor's office in a timely manner for payment to the victim.
- After the final restitution payment was received, the case was not consistently closed and submitted to the Court to be entered into the docket.

In order to enhance internal controls for the restitution and community service program, we recommend the following procedures be implemented:

- (1) A database should be maintained of all court cases submitted by the Court to the restitution and community service program. The database should include all information for the case including the case number, name, address, phone number, victim information, restitution ordered and/or community service hours ordered, restitution paid and/or community service hours completed, completion date, etc. This database should be updated to reflect all restitution payments made on the case until the case is closed. Upon closure of the case, an invoice and completion statement should be filed with the Court and all records kept for the case should be placed in the Court's permanent file.
- (2) The Court judge should approve the amount of restitution and community service set by the restitution and community service program director.
- (3) The Victim Verification of Loss form should be sent to each victim and the form should be maintained in the case with the dates that the form was sent to the victims.
- (4) The victim invoice should be completed and sent to the county auditor's office in a timely manner and a copy should be maintained in the case file.
- (5) The Court should place all restitution payments in a separate fund and make all victim payments from that fund. No other Court activity should be recorded in this fund. Also, the Court should consider using a separate bank account solely for the restitution payments. This bank account should be reconciled to an open items list on a monthly basis.

Collection Procedures—Juvenile Court Grant Administrator

The Court has multiple collection points which deposit the monies with the Court grant administrator. The standard operating procedure was for the program director and/or coordinator to deposit the monies with the Court grant administrator or if not available, place the deposit in a file cabinet in her office.

The exchange of money between the program director and/or coordinator and the Court grant administrator was not documented on a pay-in or duplicate receipt to support the money exchanged or the date of the exchange.

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When the program director and/or coordinator deposit money with the Court grant administrator, we recommend the following take place:

- The money should be counted by both parties and acknowledgement of the amount documented.
- A three-copy pay-in should be created with one copy for the program director and/or coordinator; one copy for the Court grant administrator; and one copy remaining in the pay-in book.
- The pay-in should list the composition of the deposit as to cash, money order and check amounts.
- The pay-in should be signed by each party in the exchange to document the transaction.



Mary Taylor, CPA
Auditor of State

BELMONT COUNTY JUVENILE COURT

BELMONT 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 13, 2009**