



**JIM PETRO**  
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STATE OF OHIO

CITY OF WARREN  
MUNICIPAL COURT  
PERFORMANCE AUDIT

MARCH 29, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

To the Citizens of the City of Warren:

In response to a request from the City of Warren (the City) to complete comprehensive performance audits of all the General Fund departments, the Auditor of State's Office is pleased to provide the completed performance audit report for the Municipal Court. The City requested that the performance audits be conducted to provide a resource in the City's ongoing effort to improve the efficiency of operations, establish internal accountability over the use of tax dollars, maintain an appropriate level of public safety, improve the quality of life and responsiveness of city government to its constituents and to help address the financial difficulties the City is experiencing.

This report assesses the operations of the City's Municipal Court. The Municipal Court was chosen because it represents a significant portion of the City's General Fund budget, and is responsible for ensuring public safety, protecting citizens' rights, attempting to rehabilitate criminal offenders and providing a number of other services such as delinquent fine and fee collection and records maintenance. The Auditor of State's Office conducted an independent assessment of the Municipal Court with the objective of providing recommendations to the Court in areas where it can either recognize financial benefits or achieve efficiency improvements in operations and service delivery.

An executive summary has been prepared which includes the project history, Court overview, purpose and objective of the performance audit and a summary of findings, commendations, recommendations and financial implications. This report has been provided to the City of Warren and its contents discussed with members of City Council, City Management and Municipal Court management. The City and Court have been encouraged to utilize the results of the performance audit as a resource in improving its overall operations, service delivery and financial stability. Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or the toll free number in Columbus, (800) 282-0370. In addition, this performance audit can be accessed on-line through the State Auditor's Office website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish that loops around the text.

JIM PETRO  
Auditor of State

March 29, 2001

# **EXECUTIVE SUMMARY**

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## **Project History**

In April 2000, the mayor, the city auditor and the director of public service and safety (City Officials) of the City of Warren (the City) contacted the Auditor of State's Office requesting a performance audit be conducted on all of the general fund operations within the City of Warren. The City Officials were seeking assistance on how to improve the efficiency of operations and effectiveness of the delivery of services to the citizens of Warren as well as to help address the financial difficulties the City was experiencing. As a result of this meeting, it was determined that a prioritization approach would be used whereby those general fund operations determined to have the most significant impact on revenues, expenditures and public safety would be the first departments to be assessed, with the remaining departments being reviewed in subsequent phases.

Performance audits of the Income Tax Department, the Police Department and the Operations Department were officially released on October 19, 2000. A comprehensive performance audit of the Fire Department is currently in progress and is scheduled to be released in the near future. This report represents the comprehensive performance audit of the Warren Municipal Court (the Municipal Court). The Municipal Court is important to assess because it provides the following functions:

- Ensures public safety through processing and hearing criminal/traffic cases
- Enforces citizens' rights through processing and hearing civil and small claims cases
- Attempts to rehabilitate criminal offenders by providing probation and rehabilitation services
- Provides a number of other services such as collecting on delinquent fines and fees, maintaining and storing various court information and providing customer services to the public.

In addition, the Municipal Court also represents a significant operation within the City of Warren as it maintains a staffing level of 28 FTEs and accounts for approximately seven percent of the City's total General Fund budget. Planning for the Municipal Court performance audit began in July 2000, and the actual performance audit was conducted primarily during the months of August, 2000 through January, 2001.

## **Objectives and Scope**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, conclusions and recommendations. Performance audits are usually classified as either economy and efficiency audits or program audits.

Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with a minimum of resources and with the fewest negative consequences.

Program audits normally are designed to determine if the entity's activities or programs are effective, if they are reaching their goals and if the goals are proper, suitable or relevant. Program audits often focus on the relationship of the program goals with the actual program outputs or outcomes. Program audits attempt to determine if the actual outputs match, exceed or fall short of the intended outputs. This audit was primarily designed as an economy and efficiency audit.

The Auditor of State's Office has designed this performance audit with the objective of reviewing systems, organizational structures, finances and operating procedures to develop recommendations for reducing operating costs, increasing revenues or improving efficiency. Specific objectives of this performance audit are the following:

- Identify opportunities for improving the Municipal Court's effectiveness, responsiveness and quality of service delivery which is cost beneficial
- Identify opportunities for improving the Municipal Court's procedures, work methods and capital asset utilization which should result in higher quality and/or reduced costs
- Evaluate the Municipal Court's policies and procedures and provide recommendations for enhanced fine and fee collections, expenditure reductions, delivery of service or employee productivity
- Determine if the Municipal Court's current organization structure is flexible and effectively structured to meet future demands

## **Methodology**

To complete the performance audit, the auditors gathered and assessed a significant amount of data pertaining to the Municipal Court, conducted interviews with various groups associated with the Municipal Court and conducted interviews and assessed information from the peer municipal courts. The methodology is further explained below.

### **Studies, reports and other data sources**

In assessing the various performance audit areas, the City was asked to provide any previous studies or analyses already prepared on the subject areas. In addition to assessing this information, the auditors spent a significant amount of time gathering and assessing other pertinent documents or information. Examples of the studies, reports and other data sources which were studied include the following:

- The Ohio Supreme Court's Summary of Municipal Court Caseloads
- Financial, budgetary and other management reports
- A fine and fee collections study issued on the Mansfield Municipal Court
- Numerous reports, studies and documents generated by the peers
- The Ohio Supreme Court's Rules of Superintendence
- Various policies and procedures manuals as well as the Court's Local Rules of Practice
- Ohio Revised Code and Ohio Administrative Code

### **Interviews, Discussions and Surveys**

Numerous interviews and discussions were held with many levels and groups of individuals involved internally and externally with the Municipal Court. These interviews were invaluable in developing an overall understanding of the Municipal Court's operations and, in some cases, were useful sources in identifying concerns with the Municipal Court's operations and in providing recommendations to address these concerns. Examples of the organizations and individuals that were interviewed include the following:

- Warren judges, administrators and support staff
- Various judges, administrators and support staff members from the peer courts
- Representatives from the Ohio Supreme Court
- Private vendors specializing in technology

### **Benchmark Comparisons with Other Cities**

Three other municipal courts, Canton, Elyria and Lima, were selected to provide benchmark comparisons with the operations of the Warren Municipal Court. The aforementioned courts were selected based upon various demographic and operational data. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently the Municipal Court is providing services. The information was obtained primarily through information requests and interviews held with the appropriate personnel at each municipal court.

## **Summary Result**

The summary result of this performance audit is contained within pages 1-4 through 1-6. A summary of background information, major findings, major commendations and major recommendations is provided. However, a thorough analysis of the Municipal Court's operations, including detailed findings and recommendations, is contained in the remainder of report. All interested parties are encouraged to read the entire report.

The results of this report should not be construed as criticisms of the Municipal Court. The performance audit should be used as a management tool by the judges in their attempt to efficiently provide services to the citizens of Warren.

The performance audit is not a financial audit. Therefore, it was not within the scope of this work to conduct a comprehensive and detailed examination of Warren's fiscal records and past financial transactions. However, copies of the financial audits are available through the Auditor of State's Office.

## **Warren Municipal Court**

**Background:** This report focuses on the Warren Municipal Court, which is responsible for hearing cases, delivering court orders as well as processing information and monies related to a variety of criminal, civil and small claims cases. Prior to 1998, the Municipal Court maintained a total staffing of approximately 33 FTEs. However, because of the financial difficulties within the City of Warren, the Municipal Court reduced staffing by five FTEs. As a result, the Municipal Court operated with a total staffing of approximately 28 FTEs (18 judicial staff and 10 clerk of court staff) in FY 1999 and FY 2000. During FY 1999, the Municipal Court handled 14,274 criminal cases and 4,697 civil cases on an operating budget of approximately \$1.6 million. According to information provided by the Ohio Supreme Court, the Municipal Court is responsible for serving approximately 84,000 individuals who reside within the Municipal Court's jurisdiction.

**Findings:** A summary of the significant findings in this report include the following:

- The Municipal Court implemented the use of a policy manual in 1998. However, the policy manual includes only four topics (appearance/dress code, residency requirement, sexual and other forms of harassment and solicitation/distribution of materials). Included in the policy manual is a form titled "Employee's Acknowledgment of Receipt of Policies of Warren Municipal Court." An employee is required to complete this form and return it to the court administrator who places it in the employee's personnel file.
- The Municipal Court has implemented a probationary period of 90 days for all new employees.
- The Municipal Court does not have formal, written policies regarding employee evaluations. Additionally, employee evaluations are not conducted on an annual basis.
- In terms of staffing, it appears that the Municipal Court has the ability to reduce one FTE from the assignment office and another half (0.5) FTE from the immobilization clerk position. However, given that the Municipal Court does not currently have anyone dedicated to monitoring the fine and fee collection process, the Municipal Court should give some consideration to hiring one additional FTE in this area. The ultimate effect of these staffing adjustments is a net reduction of a half (0.5) FTE. In conclusion, the overall staffing appears to be adequate in comparison to the peers.

- Through a Victims of Crime Advocate grant, the Municipal Court employs a domestic violence advocate whose responsibilities include: preparing protection orders, counseling victims, assisting in courtrooms and maintaining appropriate documentation. The grant pays for 75 percent of this position's salary.
- According to Ohio Supreme Court's Rules of Superintendence, cases should be assigned to judges in a random fashion. The Municipal Court's computer system ensures compliance by automatically assigning cases to judges in a random fashion using a predefined algorithm.
- In accordance with ORC §1901.261(A)(1) and ORC §1901.261(B)(1), municipal courts are permitted to assess fees to allow for the computerization of the court. Currently, the Warren Municipal Court is levying the maximum amounts permitted by these pieces of legislation.
- Although the Municipal Court is levying fees for technology purposes, it does not have a comprehensive long-term strategic plan to guide the expenditures of these monies. However, the court administrator has indicated that the Municipal Court intends to develop a long-term strategic technology plan in the near future.
- In the past, the fine and fee collection rates were not monitored or tracked. Furthermore, block warrants (began issuing in October 2000) had not been used to collect delinquent fines and fees and financial affidavits were not used to assess the ability of the defender to pay the assessed fine.
- To enhance fine and fee collections, the Municipal Court judges run daily balance reports on all persons who are appearing in court each day. Defendants who are not current on their payments are found to be in contempt of court.
- The Municipal Court employs one bookkeeper who is responsible for all cash management functions.
- The Municipal Court does not currently have a policy as to how cash drawer shortages are to be handled. In addition, the bookkeeper is not required to submit completed bank reconciliations to the judges or other administrators and there were eight individuals within the Municipal Court who were authorized to sign checks.

**Commendations:** A summary of the significant commendations in this report include the following:

- Requiring employees to complete the "Employee's Acknowledgment of Receipt of Policies of Warren Municipal Court" form provides written confirmation that the employees read, understood and are willing to abide by all policies of the Municipal Court.
- Receiving the Victims of Crime Advocate grant allows the Municipal Court to provide additional services to the citizens of Warren that it may not otherwise be able to provide.
- Using computers to administer the case assignment process ensures that the Municipal Court is in compliance with the Ohio Supreme Courts Rules of Superintendence.
- Implementing the computerization fees established by ORC §1901.261(A)(1) and §1901.261(B)(1) assists WMC in generating additional revenues for future technology expenditures.

- Establishing staffing at an appropriate level ensures the efficient use of General Fund resources.
- Running daily balance reports on all persons appearing in court each day allows the Municipal Court to confront those defendants who are delinquent in making payments and are repeat offenders.
- Employing a separate bookkeeper to handle cash management duties creates a proper segregation of duties.

**Recommendations:** A summary of the significant recommendations in this report include the following:

- The Municipal Court should prepare and implement a more detailed employee policy manual. This policy manual should include but not be limited to the following issues: general expectations of all employees, employee conduct, employee benefits and other conditions of employment deemed important.
- The Municipal Court should consider lengthening the probationary period for new employees to six to nine months. In addition, the Municipal Court should also develop and implement a formal employee performance evaluation process. Evaluations should be conducted on a regular basis.
- To establish the staffing at a level similar to the peers, the Municipal Court should consider hiring or reassigning one employee (1.0 FTE) to focus on monitoring fine and fee collections, cross-training employees in an effort to potentially reduce 1.0 FTE in the assignment office and consider phasing out the immobilization clerk position (0.5 FTEs) by distributing the duties to other staff members. Implementing all of these staffing adjustments would result in a net reduction of a half (0.5) FTE.
- The Municipal Court should continue with its plans to develop and implement the use of a comprehensive long-term strategic technology plan.
- To improve in the area of fine and fee collections, the Municipal Court should begin monitoring and tracking its collection rates, continue issuing block warrants and begin monitoring the block warrant success rates and consider implementing the use of financial affidavits to assess a defendant's ability to pay.
- To strengthen the internal controls over cash, the Municipal Court should develop and implement a formal policy regarding cash drawer variances, limit the number of people that are authorized to sign checks and implement a policy requiring the bookkeeper to sign all monthly bank reconciliations and submit them to the appropriate administrator as evidence of completion and accuracy.

Other recommendations include:

- Revise the written organization chart to reflect the current organization structure
- Create detailed job descriptions for all position within the Municipal Court



- Determine potential for implementing a community service program
- Continue with plans to purchase automated check signer
- Consider sending delinquent cases to third-party collection agency on a more frequent basis
- Review the procurement of banking services on a periodic basis
- Implement an “acknowledgment form” policy for third-party bonds
- Implement security measures to limit access to cash drawers
- Develop a formal investment policy
- Pass on credit card transaction costs to the customers

**Summary of Financial Implications**

The following table summarizes the performance audit recommendations which contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit report.

Recommendation	Estimated Annual Savings	Estimated Annual Costs	One-time Implementation Costs
R2.6 Cross training employees on functions of assignment commissioners which will allow for a reduction of two employees	\$21,800		
R2.8 Phasing out the part-time immobilization clerk position and distributing responsibilities	\$11,300		
R2.13 Purchasing and implementing a computerized, mechanical check signer			\$2,300 - \$3,900
R2.20 Hiring one employee to serve as collections officer		\$35,200	
R2.21 Passing on credit card transaction costs to the customers	\$1,600		
<b>Total</b>	<b>\$34,700</b>	<b>\$35,200</b>	<b>\$2,300 - \$3,900</b>

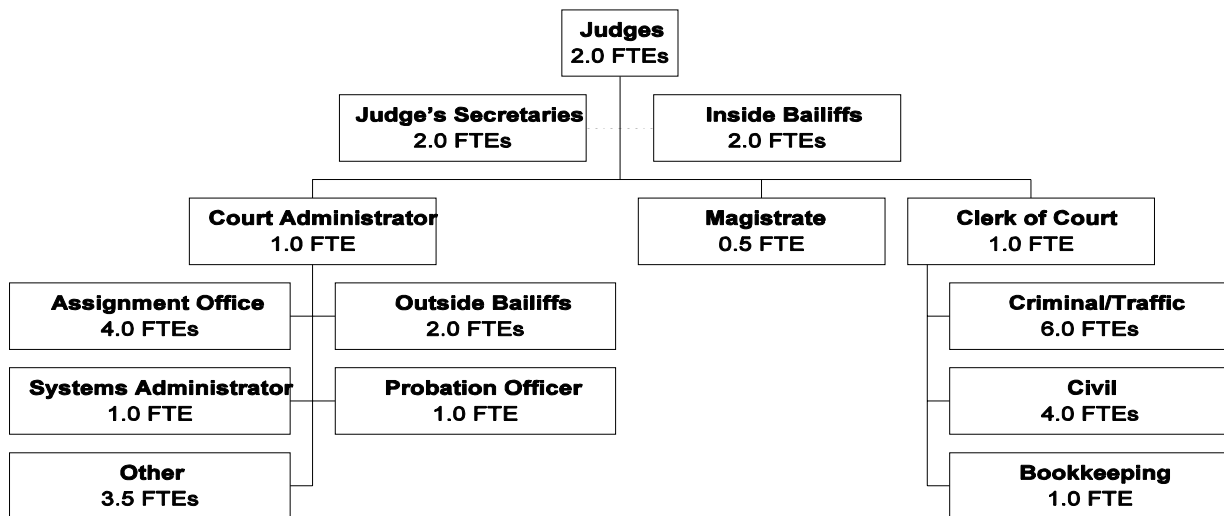
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# Municipal Court

## Introduction

This section focuses on the municipal court operations of the City of Warren Municipal Court (WMC). Comparisons are made to the following peer municipal courts: Canton Municipal Court; Elyria Municipal Court and Lima Municipal Court. **Chart 2-1** illustrates the organizational structure of WMC as well as the staffing levels. The staffing levels are illustrated in full-time equivalents (FTEs). The “other” classification includes the following positions: statistical clerk (1.0 FTE), domestic violence advocate (1.0 FTE) bailiff’s office deputy clerk (1.0 FTE) and an immobilization clerk (0.5 FTE).

**Chart 2-1: WMC Organization Chart <sup>1</sup>**



<sup>1</sup> During this engagement, the court administrator retired. The position was filled by the systems administrator and the systems administrator position was filled by a deputy clerk in criminal/traffic leaving one vacant position (1.0 FTE) in the criminal/traffic division.

### *Organization Function*

As illustrated in **Chart 2-1**, there are numerous components which comprise the Judicial operations of WMC including the judges, magistrates, inside and outside bailiffs, assignment office and a systems administrator. The judges are an elected position and are responsible for interpreting the law and ensuring that justice is administered in addition to monitoring the daily operations of WMC.

The court administrator is responsible for managing the personnel-related issues of WMC as well as other numerous functions which includes monitoring the daily operations of WMC. Magistrates are similar to judges; however, the level of authority which they have is reduced. At WMC, the magistrates preside over civil cases and it is a part-time position. The inside bailiffs perform numerous functions including maintaining order within the court rooms and any miscellaneous function which the judge requires. The duties of the probation officer include monitoring individuals who are on probation, notifying judges when individuals violate their probation, coordinating when defendants will serve jail time as well as coordinating work release programs and other miscellaneous functions.

The outside bailiffs are responsible for delivering all warrants, evictions, replevints, subpoenas, summons/small claims and garnishments issues. In addition, the outside bailiffs are responsible for immobilizing cars with the assistance of the immobilization clerk. The civil and criminal assignment offices are responsible for assigning cases for hearings as well as documenting all information prior to disposal in the case files. The systems administrator is responsible for monitoring and providing technical support to the employees of WMC.

As illustrated in **Chart 2-1**, there are three divisions within the Clerk of Court operations: criminal/traffic, civil and bookkeeping. The criminal division is responsible for maintaining case files and handling the payments of fines and fees for all criminal and traffic cases for WMC. Criminal cases include felonies, a variety of misdemeanors, wildlife citations and liquor control citations. Traffic cases include speeding, illegal U-turns, failure to control vehicle, failure to stop, driving while intoxicated (DWI) and driving under the influence (DUI). In carrying out their responsibilities for criminal and traffic cases, some of the duties for the deputy clerks in the criminal/traffic division include:

- Collecting, receipting and posting of bonds (cash and surety), fines, restitution payments, probation fees, and installation payments;
- Entering and maintaining accurate records of all motions filed;
- Preparing and filing all interims, dispositions, capias, warrants, Bureau of Criminal Investigations (BCI) forms, license forfeitures, bound-overs and subpoenas;
- Assessing uncollected fines and fees as well as pursuing delinquent accounts;
- Processing refunds for bonds and restitution payments; and
- Entering commitments, which involves processing paperwork for individuals sentenced to jail.

Civil cases include personal injury, property damages, contracts, forcible entry, small claims, trusteeship, landlord/tenant and other civil cases. In carrying out their responsibilities for civil cases, the deputy clerks of the civil division perform the following functions:

- Verifying case information on complaints and creating case file jackets, posting to docket sheets and journal dockets;
- Entering all cases, docket sheet information, judgements and satisfactory information into the computer as well as entering all case information onto civil docket half sheets and all orders of the court into journals;
- Preparing the general index on each plaintiff and defendant and preparing the daily court index legal news publication;
- Issuing summons on complaints, receiving responses on summons issued and issuing payments to creditors of trusteeship and garnishment cases;
- Collecting, receipting and posting of filing fees, rent escrow accounts, payments on judgements, payments on trusteeship cases; and
- Scheduling hearing dates for small claims and forcible entries.

The bookkeeping division of WMC handles all of the cash management functions except for the actual cash receipts from the customers. The criminal/traffic division and the civil division are responsible for the daily cash collections. Some of the cash management functions handled by the bookkeeper include the following:

- Monthly bank reconciliations;
- Daily deposits; and
- Monthly disbursement transactions.

### *Summary of Operations*

When WMC receives a new case, the deputy clerks in the clerk of court operations enter the information into the computer. After the information has been entered and a not guilty plea has been entered, the computer randomly selects a judge that will hear the case by using an algorithm which is set up in the computer system. The judges hear a variety of civil and criminal cases including the following: felonies, misdemeanors, wildlife and liquor citations, speeding and other traffic violations, DWI and DUI. The magistrate hears all civil cases which do not require a jury and all small claims cases. The only time a magistrate will not hear one of these cases is when there is a conflict of interest or the decision is under appeal.

The criminal operations of WMC handle all criminal and traffic cases. Operations begin when a complaint is filed by either a police officer or a plaintiff. One of the criminal division's primary responsibilities is to collect the fines and costs that have been assessed on all criminal and traffic cases. If the defendant is found guilty and a monetary fine is involved, the counter clerks will collect and receipt payment from the defendant or establish a payment plan if the entire fine is not paid at once. If the defendant is found not guilty, the case is dismissed and it is noted in the computer system. All fines and costs are then dismissed accordingly.

The civil operations for WMC begin when a civil complaint is filed. The deputy clerk is authorized to accept a case for filing when it meets the criteria established by Ohio Revised Code (ORC) §1901.17 for a civil action not to exceed \$15,000 or ORC §1925.02(A)(1) for a small claims case not to exceed \$3,000. In a civil action, plaintiffs are required to have counsel represent their cases to the court. In addition, the plaintiffs may request a jury trial for a civil action. In a small claims action, plaintiffs can file a claim without representation from counsel; however, plaintiffs are not permitted to request a jury trial. The various types of civil complaints and small claims actions include contracts, damages, forcible entry, garnishments, landlord/tenant and trusteeship case filings.

The bookkeeper for WMC is responsible for overseeing and managing the cash management related functions of WMC which include performing bank reconciliations, processing monthly disbursements on case files, assisting with trusteeship cases as well as other functions. The systems administrator is responsible for providing technical support to the employees of WMC including troubleshooting and developing reports.

### *Financial Data and Key Statistics*

**Table 2-1** presents the WMC actual expenditures for FY 1998, FY 1999 and FY 2000.

**Table 2-1: Expenditures**

Line-item categories	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual
Salaries and wages	\$1,047,047	\$1,033,999	\$950,862
Fringe benefits	\$357,717	\$415,217	\$401,665
Contracted labor and services	\$100,139	\$103,598	\$94,648
Supplies	\$28,697	\$25,504	\$17,758
Capital Outlay	\$14,050	\$14,920	\$2,300
<b>Totals</b>	<b>\$1,547,650</b>	<b>\$1,593,238</b>	<b>\$1,467,233</b>

Source: Budget performance reports for FY 1998, FY 1999 and FY 2000

The WMC General Fund FY 2000 expenditures represents a decrease of approximately \$126,000 or 8.0 percent when compared to the actual expenditures in FY 1999. The largest change in expenditures from FY 1999 was in the “salaries and wages” line-item. This decrease was attributable to three employees who were laid off and two employees who retired and were not replaced. All of the remaining line-items in FY 2000 also experienced decreases in actual expenditures. Because of the City’s financial concerns, WMC strived to decrease its actual expenditures during FY 2000.

**Table 2-2** illustrates the case load for WMC and the peer municipal courts for calendar year 1999. The case loads are separated between criminal and civil. Unless otherwise noted, the peer average calculations for this table and all other tables in this section do not include WMC.

**Table 2-2: Key Operating Statistics**

	Warren	Canton	Elyria	Lima	Peer Average
<b>Population Served <sup>1</sup></b>	84,361	192,569	94,873	109,755	132,399
<b>Criminal Case Load Breakdown per 10,000 Population Served</b>					
<b>Felony</b>	110	88	100	29	72
<b>Misdemeanor</b>	354	295	421	359	358
<b>OMVI <sup>2</sup></b>	79	79	149	107	112
<b>Traffic</b>	1,149	1,150	1,620	1,370	1,380
<b>Criminal Total</b>	1,692	1,612	2,290	1,865	1,922
<b>Civil Case Load Breakdown per 10,000 Population Served</b>					
<b>Damages</b>	30	26	29	17	24
<b>Contract</b>	161	317	155	285	252
<b>Forcible Entry</b>	96	137	128	100	122
<b>Other <sup>3</sup></b>	7	5	7	11	8
<b>Small Claims</b>	262	167	158	60	128
<b>Civil Total</b>	556	652	477	473	534

**Source:** Ohio Court Summary Report

<sup>1</sup> The population served was obtained from the Ohio Court Summary Report published by the Ohio Supreme Court. This amount may differ from the actual population of each city due to the city functioning as the county seat.

<sup>2</sup> Operating a Motor Vehicle While Intoxicated

<sup>3</sup> This classification represents all cases other than damage, contract, forcible entry or small claims such as trusteeship, garnishment, bureau of motor vehicle (BMV) and landlord/tenant.

### *Performance Measures*

The following is a list of performance measures that were used to conduct the analysis of WMC:

- Assessment of personnel related issues of WMC (division-wide)
- Assessment of the staffing levels of the judicial operations and receiving of reimbursements for the magistrate's salary
- Assessment of the efficiency of the garnishment delivery process
- Assessment of the adequacy of the methods used for case assignment and attorney assignment
- Assessment of the use of technology to gain operational efficiencies
- Assessment of the staffing levels of the clerk of court operations
- Assessment of collection methods for fines and fees
- Assessment of cash management functions including daily reconciliations, monthly reconciliations and investment activity
- Assessment of the accountancy of bonds

As seen in **Chart 2-1**, there are two primary operations within WMC, operations of the court (Judicial) and operations of the clerk of court (Clerk of Court). Accordingly, this report will be organized and discussions will take place based on the operations of these two functions.



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## A. Judicial

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### Findings / Commendations / Recommendations

#### *Organizational and Employment Issues*

This section of the reports focuses on those areas which are related to organization and employment issues. While the discussion of these issues are included in the Judicial subsection of the report, the issues are applicable to the Judicial operations and the Clerk of Court operations, unless otherwise noted.

F2.1 The organization chart depicted in **Chart 2-1** was developed by the Auditor of State's Office through interviews conducted with WMC employees. Although WMC has a formal written organization chart, it does not appear to reflect the assignments of authority or clearly define the reporting structure which is in place. For example, WMC's organization chart states that the magistrate reports directly to the court administrator. However, based upon interviews with WMC employees, the magistrate reports directly to the WMC judges.

**R2.1** The administrators of WMC should revise its written organization chart. In addition, WMC should continually update the organization chart as staffing levels and the organization structure change. A properly developed organization chart should define the assignment of authority and responsibility for management activities and should foster management accountability. Additionally, a defined reporting structure could help improve the efficiency and effectiveness of WMC.

F2.2 WMC implemented the use of a policy manual in 1998. However, the policy manual includes only four topics: appearance/dress code, residency requirement for employees, sexual and other harassment situations and solicitation/distribution of materials. Included in the policy manual is a form titled "Employee's Acknowledgment of Receipt of Policies of Warren Municipal Court." An employee is required to complete this form and return it to the court administrator who places it in the employee's personnel file. Completion of this form by employees provides confirmation that the policy manual was received and their willingness to abide by the policy manual and all future addendums.

**C2.1** Requiring every employee to complete the "Employee's Acknowledgment of Receipt of Policies of Warren Municipal Court" form provides written confirmation that the employee read, understood and is willing to follow all policies of WMC. In addition, it places some responsibility for knowing the policies of WMC with the employee.

**R2.2** A more detailed policy manual for WMC employees should be prepared and implemented by WMC administration. This would provide a reference source for employees to better understand workplace policies and employee responsibilities. The policy manual should also include requirements for employment and rules and conditions of employment. All employees should receive a copy of the manual for their reference. The policy manual should be reviewed regularly and periodically updated for changes in policies. All changes should be communicated to the employees in writing and documentation should be maintained as proof that changes or additions to the policy manual were communicated to the employees. At a minimum, the WMC policy manual should address the following:

- Background information on WMC;
- Conditions of employment;
- Security policies and procedures;
- Expectations of the employees;
- Employee conduct;
- Employee development and training;
- Employee benefits;
- Equipment usage by employees;
- Legal information; and
- Vacation and other types of leave accumulation and usage.

F2.3 WMC does not have formal job descriptions for all position within WMC. An effective job description should define and explain the job functions, position qualifications, position responsibilities and how performance will be evaluated. In addition, job descriptions allow employees to know the criteria which they will be evaluated on and the expectations which are required of them.

**R2.3** WMC should create detailed job descriptions for all positions within WMC which state the necessary duties and functions of each position, the reporting supervisor and the positions which will be supervised (if relevant). The job descriptions should also state the proper education required to fulfill the requirements of the position as well as the relevant work experience and knowledge needed. Once the job descriptions are properly created, management will be better able to evaluate employees and ensure that the staff remain qualified.

F2.4 WMC has implemented a probationary period of 90 days for all new employees. However, there is no formal policy developed to document the procedures (training, mentoring program, etc.) of the probationary period. The court administrator has indicated that during the probationary period, new employees receive extensive training on the computer system and on-the-job training to learn their specific job functions. While the court administrator indicated that new employees receive on-the-job training, WMC does not have a formal mentoring program for new employees.

**R2.4** WMC should consider extending the length of the probationary period to a time frame of six to nine months and include the probationary period in the policy manual. Extending the time frame of the probationary period will assist WMC administrators in their efforts to employ qualified, dedicated and hard-working personnel. In addition, it would provide employees sufficient time to learn their positions and the general operations of WMC.

In addition to extending the probationary period, WMC should develop and implement a formal mentoring program into its daily operations for all departments and guidelines should be included in the policies and procedures manual. The mentoring program policy should include the following:

- The policy should state the length of time that the mentoring program will be in effect for each new hire. It is recommended that each new employee interact with their mentor for at least 30 days. However, during the mentoring period, interaction between the new employee and the mentor can take place in the form of formal or informal interaction.
- There should be daily interaction between the mentor and the new employee. The daily interaction does not necessarily need to last for an entire day; however, it should give an opportunity for the new employee to ask pertinent questions, as well as receive guidance on different job tasks and assignments.
- A schedule should be prepared and followed for each day of the mentoring program. The schedule should include discussions on policies and procedures applicable to the entire WMC and other related topics.

As stated in an article titled “The Mentor” in the February 2000 issue of *Training & Development*, “the traditional use of the word *mentor* connotes a person outside one’s usual chain of command who ‘helps me understand this crazy organization.’” By implementing a mentoring program, WMC will be making an effort to assist new employees to feel comfortable, learn their jobs and be effective and efficient in their new daily tasks.

F2.5 WMC has not developed or implemented formal, written policies regarding employee evaluations. Furthermore, WMC does not conduct annual evaluations on its employees. In the Clerk of Court operations at Canton Municipal Court, annual reviews are conducted by the chief deputy and supervisor, who meet with each employee individually to evaluate performance. Furthermore, the clerk of court at Lima Municipal Court has implemented the use of an annual performance appraisal which determines the merit increase at the end of the probationary period as well as eligibility for promotions.

**R2.5** WMC should develop and implement a performance evaluation process and use the process as a management tool. A performance evaluation process can identify ways to maintain and improve efficiency and effectiveness of employees and their activities. Furthermore, employee performance evaluations are essential to assess the progress of individual employee performance and should be used for the basis of annual pay increases. Evaluations should be conducted on a regular basis based upon well-defined criteria as set forth in a performance evaluation form. Appraisals should be conducted regularly in order to:

- Ensure that employees receive clear feedback on areas of improvement and to surface and document disciplinary problems;
- Improve the quality of services provided by the WMC;
- Provide evidence about the quality of the employee's professional performance;
- Improve efficiency and effectiveness of the employee carrying out the duties of their job description (**R2.3**); and
- Monitor the success and progress of an employee.

Generally, evaluations should be conducted at three-month and six-month intervals for newly hired employees while they are on probation (**R2.4**). The three- and six-month evaluations for new employees are performed to help them become aware of their work progress. If the evaluation is not satisfactory, the employee may either be removed from the position or the probationary period can be extended. At a minimum, all other employees should receive evaluations on a yearly basis. For all employees who do not receive a satisfactory evaluation and employment is continued with WMC, a performance action plan should be created. The performance action plan is designed to help identify specific areas where performance can be improved upon and actions taken in order to implement the plan.

The performance appraisal form should include the reason for the review, definitions of evaluation ratings and assessments of other factors including: quality of work, productivity, reliability, attendance, adherence to policies, interpersonal relationships and other factors deemed important to the administration of the WMC.

*Staffing*

F2.6 **Table 2-3** provides information on the FY 2000 staffing levels for the judicial operations compared to the peer municipal courts.

**Table 2-3: Judicial Operations Staff Comparison**

	Warren	Canton	Elyria	Lima	Peer Average
All Cases in 1999	18,971	43,587	26,254	25,655	31,832
Total Court Staff (FTEs)	18.3	29.5	15.0	17.0	20.5
Cases per Staff (Court-wide)	1,037	1,478	1,750	1,509	1,579
<b>Judges and Magistrates</b>					
Number of Staff (FTEs)	2.5	5.0	3.0	3.0	3.3
Cases per Staff	7,588	8,717	8,751	8,552	8,673
<b>Judge's Secretaries and Magistrate's Secretaries</b>					
Number of Staff (FTEs)	2.0	4.0	3.0	4.0	3.7
Cases per Staff	9,486	10,897	8,751	6,414	8,687
<b>Court Administrator and Systems Administrator</b>					
Number of Staff (FTEs)	2.0	1.0	1.0	1.0	1.0
Cases per Staff	9,486	43,587	26,254	25,655	31,832
<b>Inside Bailiffs</b>					
Number of Staff (FTEs)	2.0	7.0	2.0	0.0	4.5
Cases per Staff	9,486	6,227	13,127	N/A	9,677
<b>Outside Bailiffs</b>					
Number of Staff (FTEs)	2.0	3.0	2.0	3.0	2.7
Cases per Staff	9,486	14,529	13,127	8,552	12,069
<b>Assignment Office</b>					
Number of Staff (FTEs)	4.0	1.0	2.0	2.0	1.7
Cases per Staff	4,743	43,587	13,127	12,828	23,181
<b>Probation Officer</b>					
Number of Staff (FTEs)	1.0	3.0	2.0	4.0	3.0
Cases per Staff	18,971	14,529	13,127	6,414	11,423
<b>Other</b>					
Number of Staff (FTEs)	2.8 <sup>1</sup>	5.5	0.0	0.0	5.5
Cases per Staff	6,775	7,925	N/A	N/A	7,925

Source: Ohio Supreme Court reports, interviews and organizational charts

<sup>1</sup> The "other" classification includes the following positions: statistical clerk, domestic violence advocate, bailiff's office deputy clerk and immobilization clerk. The domestic violence advocate is a full-time position but 75 percent of the position is funded by a grant. Therefore, this position is only counted as a 0.3 FTE.

As shown in **Table 2-3**, the staffing of the following classifications are in line with the peer averages: judges and magistrates; judges and magistrates secretaries; inside bailiffs; outside bailiffs and probation officers. However, the total cases per total judicial operations staff (1,037 cases) is significantly lower than the peers and the peer average (1,579 cases).

F2.7 According to ORC §1925.01, the compensation of a magistrate “shall be payable from the same sources and in the same manner as provided in ORC §1901.11. The sources and manner outlined by ORC §1901.11 instruct the city treasury to pay three-fifths (60 percent) of the amount due while the county treasury where the municipal corporation is situated is required to pay two-fifths (40 percent) of the amount due. Based upon conversations with the court administrator, WMC is following these guidelines for the compensation of the magistrate.

F2.8 As indicated in **Table 2-3**, WMC employs four individuals who work in the assignment office and the average cases per staff of the assignment commissioners is approximately 4,700 cases. In comparison, the peer average staffing of assignment commissioners is 1.7 while the average cases per staff of the assignment commissioners is approximately 23,200. The assignment commissioners responsibilities include the following:

- Entering the preliminary case information into the computers as well as all hearings and decisions;
- Scheduling and assigning hearing dates for all cases;
- Pulling all case files for the next day of court; and
- Filing all cases, subpoenas and files.

At the peer municipal courts, employees are cross trained so that some of these functions can be completed by other employees. Examples of employees who assist in completing the responsibilities of the assignment commissioners include inside bailiffs and judge’s secretaries.

**R2.6** WMC should consider cross training several employees regarding the responsibilities and duties of the assignment commissioners and possibly reducing two positions (2.0 FTEs) from the assignment office. As noted in **F2.25**, the number of new cases have been decreasing within the City; therefore, it would appear that the number of assignment commissioners needed could also be decreased. Furthermore, after the assignment officers become more acclimated with the new computer system which has been implemented (**F2.20**), WMC should be able to assign cases more efficiently with fewer individuals.

During the course of this audit (January 2001), the staffing levels changed within the WMC assignment offices which resulted in a staffing reduction of 1.0 FTE. The details of the staffing changes are as follows:

- A full-time employee (1.0 FTE) transferred from the criminal assignment office to the clerk of court operations while a deputy clerk in the clerk of court operations transferred to the criminal assignment office and is now working part-time (0.5 FTE).

- An employee who worked full-time in the civil assignment office now spends four hours per day in the clerk of court operations (0.5 FTE) and four hours per day in the civil assignment office (0.5 FTE).

*Financial Implication:* Given that WMC has already taken action to reduce the staffing within the assignment office by 1.0 FTE, if it were to further reduce the staffing by 1.0 additional FTE (a total reduction of 2.0 FTEs), the WMC could save approximately \$21,800 per year in salaries and benefits. This savings was estimated based upon the average salary of the assignment commissioners at WMC and assuming benefits equivalent to 30 percent of annual salaries.

F2.9 As indicated in **Table 2-3**, the ratio of cases per probation officer is approximately 19,000:1 compared to the peer average of 11,000:1. Some of the duties of a probation officer include the following:

- Monitor individuals who are on probation and notify the judges when the individual is arrested or appears in court on other charges;
- Notify the court of probation violations;
- Coordinate when jail time will be served by defendants;
- Coordinate work release programs and paperwork for different agency programs for probation violators; and
- Handle active probation cases and payments of restitution.

The Canton Municipal Court has implemented a community service program which is designed to provide an alternative method to placing an individual in jail. Under this program, the court has the option of sentencing someone to community service where they must give back to the community as part of their restitution. The monitoring of this program at Canton Municipal Court is completed by two part-time employees. To assist in funding this program, the Canton Municipal Court has obtained a grant of approximately \$37,000. However, the court administrator for Canton Municipal Court indicated that this is a reimbursement grant which requires a court to contribute a significant amount of money up front.

**R2.7** The judges of WMC should meet with City Council of Warren to determine the potential for implementing a community service program similar to that of Canton Municipal Court. In addition, the administrators of the City and WMC should contact Canton Municipal Court on the specifics of its community service program and the grant. While WMC would be required to contribute money up front to get the program started, most of the costs would potentially be reimbursed from the grant if it were obtained. Furthermore, the implementing of this type of program would allow the judges of WMC to use alternative methods of restitution rather than sentencing an individual to jail. This would help reduce some of the costs of sending prisoners to the Trumbull County Jail.



*Financial Implication:* If WMC were to use various community service programs, the judges would have alternative methods of restitution. In turn, WMC would be sending fewer prisoners to the Trumbull County jail which would save the City of Warren in housing costs of these prisoners. Because of various factors which are unknown, an estimated annual cost savings is undeterminable.

F2.10 As shown in **Table 2-3**, the WMC employs an immobilization clerk which is a part-time position (0.5 FTE). This position was originally created to help the outside bailiffs in the coordination of the immobilization of automobiles. When the position was initially created, WMC had not immobilized cars in several years and the revenue generated from immobilizing the automobiles offset the salary of this position. However, the need for this position has since decreased. The duties of this position are currently being completed by another full-time person within WMC. This is because the part-time individual is on a leave of absence.

**R2.8** WMC should consider phasing out the part-time immobilization clerk position and distributing the duties to one of the full-time positions within WMC. Because a full-time employee is currently completing the responsibilities of the immobilization clerk as well as her normal daily responsibilities, it would appear that WMC would not realize a negative operational effect from eliminating this position.

*Financial Implication:* Based upon the average salary of immobilization clerk at WMC and assuming benefits equivalent to 15 percent of annual salaries for a part-time position, WMC could save approximately \$11,300 per year in salaries and benefits.

F2.11 WMC employs a domestic violence advocate whose responsibilities include the following: prepares temporary protection orders, counsels all victims of domestic abuse regarding options and court proceedings, assists in the courtrooms when needed and maintains documentation on all temporary protection orders as well as takes appropriate action when required. A Victims of Crime Advocate (VOCA) grant which WMC has obtained pays for 75 percent of all salaries and benefits. As a result, the City is only responsible for 25 percent of all salaries and benefits for the domestic violence advocate position. The VOCA grant only lasts for one year and must be reapplied for each year.

**C2.2** Currently, the VOCA grant saves WMC 75 percent or approximately \$29,000 per year in General Fund resources needed from the City. In addition to assisting WMC in reducing the amount of resources needed from the City, the VOCA grant also allows WMC to provide additional services which it may not otherwise be able to provide to the citizens of the City.

**R2.9** Because the VOCA grant only lasts for one year, WMC should continue to apply for the grant each year to ensure that the funds are available for the domestic violence advocate position. If WMC did not reapply for this grant each year, WMC would be required to either pay for the entire salary of this position from General Fund resources or eliminate the position and no longer provide the services to victims of domestic abuse.

F2.12 As stated in **R2.6**, WMC has made some staffing reductions within the judicial operations in January 2001. **Table 2-4** illustrates the current staffing levels of WMC compared to the peer municipal courts.

**Table 2-4: Judicial Staffing after WMC Reductions**

	Warren	Canton	Elyria	Lima	Peer Average
All Cases in 1999	18,971	43,587	26,254	25,655	31,832
Total Court Staff (FTEs)	17.3	29.5	15.0	17.0	20.5
Cases per Staff (Court-wide)	1,097	1,478	1,750	1,509	1,579

Source: Interview with WMC personnel

However, this report contains staffing recommendations (**R2.6** and **R2.8**) which are more extensive than the actions already taken by WMC. **Table 2-5** provides information on the revised staffing levels assuming that all the staffing reductions recommended for the judicial operations are enacted by WMC administration.

**Table 2-5: Judicial Operations Staff Comparison - Revised**

	Warren	Canton	Elyria	Lima	Peer Average
All Cases in 1999	18,971	43,587	26,254	25,655	31,832
Total Court Staff (FTEs)	15.8	29.5	15.0	17.0	20.5
Cases per Staff (Court-wide)	1,200	1,478	1,750	1,509	1,579
<b>Judges and Magistrates</b>					
Number of Staff (FTEs)	2.5	5.0	3.0	3.0	3.3
Cases per Staff	7,588	8,717	8,751	8,552	8,673
<b>Judge's Secretaries and Magistrate's Secretaries</b>					
Number of Staff (FTEs)	2.0	4.0	3.0	4.0	3.7
Cases per Staff	9,486	10,897	8,751	6,414	8,687
<b>Court Administrator and Systems Administrator</b>					
Number of Staff (FTEs)	2.0	1.0	1.0	1.0	1.0
Cases per Staff	9,486	43,587	26,254	25,655	31,832
<b>Inside Bailiffs</b>					
Number of Staff (FTEs)	2.0	7.0	2.0	0.0	4.5
Cases per Staff	9,486	6,227	13,127	N/A	9,677
<b>Outside Bailiffs</b>					
Number of Staff (FTEs)	2.0	3.0	2.0	3.0	2.7
Cases per Staff	9,486	14,529	13,127	8,552	12,069
<b>Assignment Office</b>					
Number of Staff (FTEs)	2.0	1.0	2.0	2.0	1.7
Cases per Staff	9,486	43,587	13,127	12,828	23,181
<b>Probation Officer</b>					
Number of Staff (FTEs)	1.0	3.0	2.0	4.0	3.0
Cases per Staff	18,971	14,529	13,127	6,414	11,423
<b>Other</b>					
Number of Staff (FTEs)	2.3 <sup>1</sup>	5.5	0.0	0.0	5.5
Cases per Staff	8,248	7,925	N/A	N/A	7,925

Source: Ohio Supreme Court reports, interviews and organizational charts

<sup>1</sup> The "other" classification includes the following positions: statistical clerk, bailiff's office deputy clerk and immobilization clerk. The domestic violence advocate is a full-time position but 75 percent of the position is funded by a grant. Therefore, this position is only counted as a 0.3 FTE.

If the WMC administration follows the staffing reductions recommended within the judicial operations, its total cases per total judicial operations staff will increase from 1,037 cases (**Table 2-3**) to 1,200 cases (**Table 2-5**).

### *Judicial Operations*

F2.13 According to Rule 36 of the Ohio Supreme Court’s Rules of Superintendence, cases should be assigned to a judge using the individual assignment system. The individual assignment system is defined in Rule 36(B)(1) “as a system whereby, upon the filing or transfer of a civil case, or upon arraignment in a criminal case, the case is immediately assigned to a judge of the court.” The purpose of an individual assignment system is to ensure the following:

- Judicial accountability for the processing of individual cases;
- Timely processing of cases through prompt judicial control over cases and the pace of litigation; and
- Random assignment of cases through an objective and impartial system which ensures the equitable distribution of cases between or among the judges.

Rule 36 further states that the administrative judge is responsible for the assignment of cases to the individual judges. However, the assignment of cases may be made by the administrative judge or assigned court personnel at the administrative judge’s direction.

The assignment of cases within WMC is handled by the criminal and civil assignment office. All cases are entered into the computers when received by WMC. When the cases have been entered, the computer automatically selects the judge who will hear the case using a predefined algorithm. The assignment commissioner must then select the day and time the case will be heard based on the scheduling block in the computer.

**C2.3** The use of computers by WMC during the case assignment process ensures that WMC is in compliance with Rule 36 of the Ohio Supreme Courts Rules of Superintendence. In addition for providing compliance with Rule 36, it also ensures that the three objectives of the individual assignment system are being maintained. Furthermore, the use of the computer avoids “judge-shopping” on the part of legal counsel and ensures that cases are divided evenly between all of the judges.

F2.14 While there is no guidance from the Supreme Court of Ohio regarding the assignment of indigent cases which do not involve the death penalty, it is a responsibility of judges to assign legal representation for all indigent cases. Because there is a public defender's office located in the City of Warren, it is required to determine if an individual is indigent. Furthermore, the public defender's office is the primary legal representation for all indigent cases at WMC. The City of Warren negotiates a contract with the public defender's office every year and the amount of the contract is paid out of the City of Warren General Fund.

WMC has four public defenders (two assigned to each courtroom) which it uses on a consistent basis. All indigent cases are ultimately assigned in the same manner which cases are assigned to judges (F2.13). After the cases have been entered into the computer, the computer will automatically and randomly select the courtroom where the case will be heard. Then, the nature of the case will determine which public defender within the courtroom selected will represent the case.

Occasionally, WMC is assigned a case where both parties are determined to be indigent. One party will receive representation from a public defender while the other indigent party will receive representation from court-appointed legal counsel. Under this scenario, WMC has a list of attorneys which have made themselves available for indigent cases. When WMC is required to assign court-appointed legal counsel, it calls the next attorney on the list to see if they are available and continues this process until an attorney is found.

**C2.4** The use of the public defenders for indigent cases decreases the General Fund resources needed by WMC. Furthermore, the use of the public defenders avoids the perception of favoritism in selecting attorneys or potential allegations regarding inappropriate relationships between elected judges and private attorneys. Determining which public defender will represent an indigent case based upon the nature of the case ensures that all individuals receive proper legal representation.

### *Technology*

The policies, procedures and plans discussed in this section are applicable to the Judicial operations and the Clerk of Court operations, unless otherwise noted.

F2.15 WMC has a system administrator who is responsible for managing computer equipment, performing computer hardware and software upgrades, preparing a budget for technology expenditures and providing support to the employees of WMC. WMC pays 100 percent of the system administrator's salary and benefits from the computerization fund established by ORC (F2.16).

F2.16 According to ORC §1901.261(A)(1), “a municipal court may determine that for the efficient operation of the court, additional funds are required to computerize the court, to make available computerized legal research services, or to do both.” ORC §1901.261(A)(1) states also that this fee can be equal to, but not exceed \$3.00 on the filing of each cause of action or appeal equivalent to the ones mentioned in ORC §2303.20.

In addition, ORC §1901.261(B)(1) states that an additional fee not to exceed \$10.00 can be assessed “on the filing of each cause of action or appeal, on the filing, docketing and endorsing of each certificate of judgment or on the docketing and indexing of each aid in execution or petition to vacate, revive or modify a judgment” to be used for the “actual cost to the court of procuring and maintaining computer systems for the office of the clerk of the municipal court.”

Table 2-6 shows the fees charged by WMC and the peer municipal courts as allowed by ORC §1901.261(A)(1) and ORC §1901.261(B)(1).

**Table 2-6: Schedule of Computerization Fees**

	Warren	Canton	Elyria	Lima	Peer Average
<b>Court computerized legal research fee per case, ORC §1901.261(A)(1)</b>	\$3.00	N/A <sup>1</sup>	\$3.00	\$3.00	\$3.00
<b>Clerk of Court computerization fee per case, ORC §1901.261(B)(1)</b>	\$10.00	\$5.00	\$10.00	\$7.00	\$7.33

Source: Fee schedules for WMC and the peer municipal courts, interviews

<sup>1</sup> No fees are charged; therefore, Canton Municipal Court will not be included in the peer average.

According to these two sections of the ORC, the revenues generated from these additional fees are to be placed into a separate fund and can only be used by the respective entity for technology related expenditures and computerized legal research services. According to the annual report for WMC, these two fees generated additional revenues of approximately \$130,000.

**C2.5** Implementing the computerization fees established by ORC §1901.261(A)(1) and §1901.261(B)(1) assists WMC in generating additional revenues for future technology expenditures. Furthermore, paying 100 percent of the system administrator’s salary and benefits from this fund decreases the amount of General Fund resources needed by WMC.

F2.17 WMC does not have a comprehensive long-term strategic technology plan. However, the court administrator indicated that WMC is planning on developing a long-term strategic technology plan in the near future. Without a comprehensive long-term strategic technology plan, WMC's ability to plan for technology reviews, upgrades and purchases is limited. In addition, without the proper strategic plan, budgets cannot be adequately created to help in the allocation of monies for technology related purchases.

**R2.10** WMC should continue with its plans to develop and implement the use of a comprehensive long-term strategic technology plan that incorporates all divisions and operations. In essence, the plan should describe WMC's long-term objectives and how technical staff, funding and resources will be allocated to help WMC achieve these long-term objectives. The long-term strategic technology plan should be tied to the operations of WMC and the City to ensure effective and efficient operations between the related entities. The systems administrator should be involved in the development, implementation and monitoring of the long-term strategic technology plan. In addition, the management of WMC should establish an annual review and revision process that will allow the strategic plan to evolve with changes in the City, the local community and the field of technology.

The strategic plan should include the coordination of business operations and technology activities to help prevent the purchasing or development of incompatible systems that must later be redesigned or replaced. WMC should address the sequential implementation of different agency operations that use the data from WMC to ensure that these systems will be able to properly interface with each other.

The following steps should be taken to implement the WMC's planning process:

- Identify and analyze the WMC administrative and departmental environment that the strategic technology plan must support;
- Define key goals and objectives of WMC and establish measurable success factors for those administrative and departmental areas;
- Evaluate how existing hardware and software applications support the long-term goals and objectives of WMC;
- Research significant industry trends relating to technology and governmental institutions or other public sector organizations;
- Determine what technology is needed to help WMC achieve its long-term goals and objectives;
- Identify user requirements for software applications as well as e-mail and Internet software; and
- Develop an implementation plan.

The result of this process should be a step-by-step plan detailing how WMC expects to meet its long-term goals and objectives given the existing technical architecture. The architecture is a blueprint that specifies the technical infrastructure (hardware, network configuration and system software), software application systems and database design. The proposed comprehensive long-term strategic technology plan should contain the following elements:

- Realistic detailed timetables;
- Funding requirements and funding sources;
- Individuals responsible for implementation;
- Estimated resource requirements to implement actions including consultants, contractors or in-house staffing;
- Expected benefits; and
- Benchmarks to determine progress in meeting standards.

The timetable should be realistic in estimating the WMC commitment to the implementation of new technologies and it will also provide a guide for future expenditures. A sound methodology will help WMC implement high quality applications with less risk and at a lower cost. Furthermore, the strategic plan as well as the budget should also address the issue of upgrades and future replacement of computer equipment as well as software and associated staff development. Upgrades and replacements are important issues that WMC should incorporate into its planning and budgeting process.

F2.18 WMC does not have a computer disaster recovery plan. According to the March 2000 report titled “Recommended Practices for State and Local Governments” from the Government Finance Officers Association (GFOA), “state and local governments have a duty to ensure that disruptions in the provision of essential services are minimized following a disaster.” WMC is currently conducting nightly back-ups and taking one tape off-site each week. However, as a result of not having a computer disaster recovery plan, WMC may be not be able to provide the required information to other governmental entities in the event of a disaster.

**R2.11** WMC should develop and establish policies and procedures for minimizing potential disruptions following a disaster. The policies and procedures should be updated on a regular basis and should include the following:

- Assign individuals responsible for implementing and monitoring the disaster recovery plan;
- Make provisions for processing of data following a disaster at a location other than the current daily operations; and
- Provide detailed instructions for restoring disk files.



In addition, a copy of the WMC's computer disaster recovery plan should be kept at a secure, off-site location to ensure its availability in the event of a disaster. Back-up files should be kept in a safe location, such as a fire-proof vault, in the event of a disaster. The computer disaster recovery plan should be tested on a periodic basis to eliminate any potential problems and ensure that all individuals are familiar with their responsibilities.

F2.19 WMC does not have a computer use policy for the employees of WMC. The absence of the policy exposes WMC and the City to the risk that employees will use equipment for improper or inappropriate personal use.

**R2.12** WMC should develop a comprehensive computer use policy that addresses the use of WMC equipment by staff personnel. Some topics to be addressed should include the following:

- Personal use of WMC equipment;
- System security and management passwords;
- Copyright laws;
- Sabotage and vandalism;
- Employment termination and cancellation of employee privileges; and
- Software license violations.

A comprehensive policy will make WMC staff aware of the potential dangers computer equipment and software are exposed to in a network environment and minimize the abuse of computer and software privileges.

During the course of this audit, the WMC has taken action to implement this recommendation. This action includes adopting the City's formal computer use policy in January, 2001.

F2.20 Prior to September 2000, WMC was using a software package which was UNIX-based and supported by the vendor Aduidma Management Associates (AMA). Because AMA was no longer providing support to the Unix-based system and essentially went out of business, WMC was forced to begin looking for a new software package for WMC's daily operations. As a result, WMC contracted with Crawford Consulting, Inc. (CCI) to obtain its new software package. The software package was tailored to the needs of WMC and was implemented in September 2000 and cost approximately \$540,000. To purchase the software package, WMC used approximately \$240,000 from its accumulated computerization fees which are authorized by the ORC (**F2.16** and **C2.5**). WMC financed the remainder amount (approximately \$300,000) using an internal note received from the City Warren at an interest rate of 5.25%. The internal note is being repaid using monies received from the computerization fees.

The CCI software system is NT-based and as a result, it is much faster and more efficient than the Unix-based system. Other benefits of the CCI software compared to the AMA software are as follows:

- Improved backup capabilities of daily activity;
- Enhanced reporting functions and capabilities;
- Capability to prepare required reports such as the Supreme Court Report and the Ohio Bureau of Motor Vehicles (OBMV) Report;
- Capability to issue block warrants (**F2.29**); and
- Capability to generate automatic reports as defined by user.

F2.21 **Table 2-7** identifies some of the key functions or applications which should be able to be performed using a municipal court computer system. In addition, **Table 2-7** illustrates whether WMC possesses the function or application and if WMC is using it.

**Table 2-7: Analysis of CCI computer system**

Functions or applications which should be available	What function does WMC possess?	Are the functions used?
The system should contain pre-created report templates as well as the ability to create ad hoc reports in a format determined by the operator.	The CCI system contains many pre-formatted reports which are unique to court operations including the Supreme Court Report. In addition, the CCI system is also equipped with a report writer program which allows the operator to create ad hoc reports based upon pre-determined fields.	Yes
The system should have an integrated on-line word processing application for forms design and correspondence production.	The CCI system is integrated with Microsoft Word for all form design, form generation and correspondence production. After a form has been created and given or mailed to the defendant, an electronic copy of the document is linked to the docket entry.	Yes
The system should have the ability to track all pertinent information of the court record by ORC §4507.04 and have the ability to transfer this data in the prescribed format to the BMV.	The CCI system has the ability to generate the BMV report. In addition, the system updates the case when the information is sent to the BMV.	Yes
The system should automatically post all entries to the case docket.	The CCI system posts all relevant information to the case docket. The system also links a copy of all forms, receipts and documents given to the defendant to the entry in the case docket.	Yes
The system should generate receipts for monies received, update cash totals and interface with the appropriate bookkeeping functions.	The CCI system generates receipts for monies received. It also contains a cashier function which assists the tracking of monies as well as assists in the balancing of cash drawers.	Yes
The system should have the ability to track the necessary information and generate the required report for the “Legal News.”	The CCI system tracks all the required information and can prepare the necessary reports for the “Legal News.”	Yes
The system should have the ability to complete daily balancing and editing procedures which reconcile each court employee’s cash drawer to the total amount receipted.	The CCI system contains a cashier function which tracks the total amount received by each cashier. At the end of the day, the cashier function indicates how much the cashier should have based upon type (cash, money orders, credit cards). The cashier counts the drawer and reconciles to the computer prepared report.	Yes
The system should have the ability to issue checks as well as the ability to assist in the reconciliation of bank accounts.	The CCI system has the ability to prepare computerized checks. In addition, it has a bank reconciliation feature which assists in the monthly reconciliation of bank accounts.	Yes

Source: Interview with WMC personnel

Future upgrades which WMC is considering to include are the jury module and the prosecutors module. The jury module has an approximate cost of \$14,000 and will assist in the selection process of juries. The prosecutors' module will assist in the creation and preparation of warrants and has an approximate cost of \$38,000.

**C2.6** WMC has taken a proactive approach to increasing the operational efficiencies of its software capabilities. As a result of taking this proactive approach, WMC is able to ensure that its daily operations are efficient and effective. Furthermore, using the monies generated from the computerization fees for all technology expenditures decreases the amount of General Fund resources needed by WMC.

F2.22 As stated in **F2.45**, WMC manually signs all checks which are prepared even though the checks are prepared using the computer system. However, the court administrator has indicated that WMC is considering the purchase and use of a computerized check signer which will automatically sign all checks which are prepared. Lima Municipal Court has obtained and installed an automatic check signer which is interfaced with the CCI software system.

**R2.13** WMC should continue with its plan to purchase and implement the use of a computerized check signer. Because computerized check signers automatically sign checks, employees would save time because checks would not need to be manually signed. However, because of the capabilities that a computerized check signer has, WMC must develop and implement internal controls to ensure that only authorized payments are made. Failure to develop proper controls increases the risk of theft or unauthorized payments and withdrawals.

The software and equipment can be purchased and installed by a third-party vendor. Before purchasing any of the equipment and software, WMC should determine if the equipment and software can be integrated into the CCI software system.

*Financial Implication:* According to estimates of software and equipment compatible with CCI, the estimated cost to purchase the software and equipment from a third-party vendor is approximately \$2,300 to \$3,900.

## B. Clerk of Court

### Staffing

F2.23 Prior to 1998, there were a total of 15.0 FTEs in the Clerk of Court operations. However, because of a lack of resources within the City of Warren (City), WMC reduced staffing by five FTEs within the Clerk of Court operations (three employees were laid off and two employees retired and were not replaced) in 1999. **Table 2-8** provides information on the current staffing levels per number of cases in the Clerk of Court operations compared to the peer municipal courts. **Table 2-8** does not include parking citations in the criminal cases.

**Table 2-8: Clerk of Court Staff Caseload**

	Warren	Canton	Elyria	Lima	Peer Average
<b>Clerk of Court Criminal Division</b>					
<b>Number of Staff (FTEs) <sup>1</sup></b>	6.0	12.0	11.0	10.0 <sup>2</sup>	11.0
<b>Criminal Cases in 1999</b>	14,274	31,041	21,729	20,461	24,410
<b>Cases per Staff</b>	2,379	2,587	1,975	2,046	2,219
<b>Clerk of Court Civil Division</b>					
<b>Number of Staff (FTEs) <sup>1</sup></b>	4.0	10.0	5.0	4.5	6.5
<b>Civil Cases in 1999</b>	4,697	12,546	4,525	5,194	7,422
<b>Cases per Staff</b>	1,174	1,255	905	1,154	1,142
<b>All Clerk of Court Operations</b>					
<b>Number of Staff (FTEs) <sup>1</sup></b>	10.0	22.0	16.0	14.5	17.5
<b>All Cases in 1999</b>	18,971	43,587	26,254	25,655	31,832
<b>Cases per Staff</b>	1,897	1,981	1,641	1,769	1,819

**Source:** Ohio Supreme Court reports; Administrative Judge Reports prepared by WMC and the peer municipal courts for the Supreme Court of Ohio; interviews; organizational charts

<sup>1</sup> Only includes those employees who directly handle cases.

<sup>2</sup> The Criminal operations at Lima include one employee solely dedicated to parking.

**Table 2-8** indicates that WMC is processing the second highest number of cases per staff member when compared to the individual peers in the criminal division, civil division and in total for the Clerk of Court operations. In addition, the average number of cases per staff in the criminal division, civil division and entire Clerk of Court operations is higher than the peer average.

F2.24 **Table 2-9** provides information on the bookkeeping division staffing levels compared to the peer municipal clerk offices. The amounts collected illustrate those amounts collected from criminal and civil cases in FY 1999 based upon the annual reports of WMC and the peer municipal courts. Because WMC outsourced the collection of parking tickets, the amounts received from parking tickets is not included in **Table 2-9**.

**Table 2-9: Bookkeeping Division Staffing Comparisons**

	Warren	Canton	Elyria	Lima	Peer Average
<b>Number of Staff (FTE)</b>	1.0	1.0	2.0	2.0	1.7
<b>Total Dollars Received from Criminal Cases</b>	\$1,470,850	\$3,641,613	\$2,851,219	\$1,536,000	\$2,676,277
<b>Total Dollars Received from Civil Cases</b>	\$725,371	\$1,982,120	\$517,676	\$232,191	\$910,662
<b>Total Dollars Received from Criminal and Civil Cases</b>	\$2,196,221	\$5,623,733	\$3,368,895	\$1,768,191	\$3,586,939
<b>Dollars Accounted for per Staff <sup>1</sup></b>	\$2,196,221	\$5,623,733	\$1,684,448	\$884,096	\$2,109,964

Source: Annual reports from WMC and peer municipal courts

<sup>1</sup> This is the average amount received and recorded per staff (FTE).

**Table 2-9** indicates that WMC is accounting for the second highest amount of dollars per staff in the bookkeeping division of the Clerk of Court operations. In addition, the dollars accounted for per staff at WMC is higher than the peer average.

**C2.7** Based upon the staffing comparisons conducted in **Table 2-8** and **Table 2-9**, it appears that the Clerk of Court operations are adequately staffed. Establishing staffing of the Clerk of Court operations at an appropriate level ensures that the work is being completed effectively while efficiently using General Fund resources.

## *Collections*

F2.25 The overall operations of a municipal court and the city are impacted by the collections of fines and fees assessed. A higher collection rate will provide a greater amount of monies to a municipal court and the city. WMC was unable to provide the total amount collected in FY 1999 of the total criminal fines and costs assessed in FY 1999. This is attributable to the limited reporting capabilities of the old computer system which was used by WMC. Because of the new computer system which was implemented in September 2000, WMC has indicated that it will be able to prepare and print the necessary reports in the future. Although WMC was unable to provide the amount collected on 1999 cases in FY 1999, it is expected that the amount collected has decreased from previous years as the number of cases in the City has decreased since 1999 by approximately 33 percent due to lay offs in the City of Warren Police Department.

**R2.14** For WMC to have the ability to monitor and track collection rates, it should ensure that the data is entered correctly and consistently into the computer. In addition, WMC should ensure that the necessary reports can be created in order to obtain the information required for proper monitoring and tracking. By entering the data correctly, the Clerk of Court operations should be able to produce accurate and reliable reports that can be used in monitoring the collection rate and assessing the Municipal Court's overall success in collections.

F2.26 Historically, WMC has not monitored or tracked its collection rate so it cannot accurately determine how successful it is in collecting fines and costs. In addition, goals regarding the collection of fines and costs have not been established. Established goals could help to stress the importance of collecting fines and costs to the WMC staff and provide the staff with achievable and concrete expectations.

**R2.15** WMC should begin to monitor and track its collection rate. The clerk of court and judges should be responsible for establishing feasible and quantifiable goals regarding the collection of fines and costs.

F2.27 A study released on August 11, 1992 by the National Center for State Courts attempted to discover what constitutes a strong collection method for Mansfield Municipal Court. It revealed that a more aggressive collection method resulted in a higher collection rate. In general, the more attention a court pays to the collection process, the more likely a defendant would be to comply with the court order and pay the associated fines and costs. **Table 2-10** depicts that the total money collected in the comparative months substantially increased after Mansfield Municipal Court implemented the study in September 1991.

**Table 2-10: Change in Collections for Mansfield Municipal Court**

Month	1990 to 1991 Change in Percentage (Prior Implementing Study)	1991 to 1992 Change in Percentage (After Implementing Study)
January	7%	27%
February	8%	27%
March	(21)%	33%

Source: National Center for State Courts

The following is a list of other important findings revealed by the study:

- Having defendants complete an affidavit of income, expenses and financial disclosure that determined a defendant’s ability to pay fines and costs served as a deterrent to defendants asking for time to pay and thus paying the fines and cost in full on the day of sentencing. After the affidavit was completed, the collections agent contacted the references listed by the defendant, in the presence of the defendant, to assess the accuracy of the affidavit.
- The collection method of sending a reminder notice five days prior to the payment due date, a telephone call three days after missed payment and a follow-up letter five days after the telephone call resulted in a higher collection rate.

According to the presiding judge at WMC, the collections are handled by the probation office within the Mansfield Municipal Court. See **R2.20** which discusses creating a new position to assist with collection procedures within WMC.

F2.28 WMC has made an effort to collect on delinquent accounts through a contract with a local collections agency. WMC sends all delinquent accounts which are at least two years old to the collections agency. According to the agreement, the collections agency charges WMC a fee of 30 percent of all collections. The 30 percent fee charged by the collections agency is an additional cost which the defendant must pay. The contracts started in April 2000 when WMC sent cases in the amount of \$327,235 to the collections agency. The cases sent to the collections agency represented cases from 1986 to 1996 which were delinquent. **Table 2-11** indicates the amount of delinquent fines the collections agency has collected since the start of the contract.



**Table 2-11: Amounts Collected by the Collections Agency**

	Total Amount Collected	Change in Percentage from Previous Month
April 2000	\$1,231	N/A
May 2000	\$1,705	38.5%
June 2000	\$3,038	78.2%
July 2000	\$2,344	(22.8)%
August 2000	\$1,666	(28.9)%
September 2000	\$842	(49.5)%
October 2000	\$1,022	21.4%
<b>Total</b>	<b>\$11,848</b>	<b>N/A</b>

Source: City of Warren Municipal Clerk's Office

WMC receives monthly reports from the collections agency for review. The reports contain the status of cases which made payment and the cases which are determined to be uncollectible. However, the reports do not contain the status of those cases which have been submitted and have not been collected or declared to be uncollectible. The reports are reviewed by the bookkeeper and then submitted to the court administrator so the proper reimbursement can be made to the collections agency.

**R2.16** WMC should consider sending all cases which are delinquent for more than one year to the collections agency rather than waiting until the cases are delinquent for two years. Additionally, to help increase the chances of collecting on delinquent cases, the WMC should establish a formal policy identifying the regularity throughout the year that cases more than one year old will be sent to the collections agency (monthly, quarterly, semi-annually or annually). However, cases should only be sent to the collections agency after WMC has exhausted all of its internal attempts at collecting the fines and costs assessed. In addition, there should be an open line of communication between the collections agency and WMC to ensure the collections agency is doing everything possible to collect on the delinquent cases that have been sent.

The court administrator should continue to receive monthly status reports from the collections agency and review the reports which are submitted. However, the court administrator should request that the monthly status reports contain the status of all cases submitted to the collections agency rather than only cases which have been collected upon or determined to be delinquent. WMC should also maintain records of the cases and dollar amounts of the cases submitted to the collections agency in order to monitor the collections rate of the collections agency and ascertain the effectiveness of the collections agency. WMC should also periodically submit the contract for the collection of delinquent fines and costs to a competitive proposal process. This would ensure that WMC obtains services for the lowest cost and the highest quality.

F2.29 At the start of this engagement, WMC did not issue block warrants. The issuing of block warrants is a new collection process implemented by House Bill 141. The law states that a block warrant can be issued on individuals who have an outstanding warrant that was issued by a municipal or county court. In Lima, a block warrant is issued after a bench warrant has been submitted. To issue a block warrant, the clerk of court's office enters these individuals onto a diskette and mails the disk to the license bureau. The license bureau sends out notices to these individuals informing them of the block warrant and the requirement to pay the past-due fines. If an individual has a block warrant placed against them, they will be unable to renew their driver's license or license plates until the past-due fines are paid in full. Pursuant to interviews with the peers, issuing block warrants serve as an effective enforcement mechanism, especially since license plates must be renewed annually and driver's licenses must be renewed every four years. Lima has indicated that it has received payments from approximately 70 percent of the block warrants that it has issued on past-due accounts.

In October 2000, WMC began issuing block warrants as prescribed by HB 141. WMC has issued block warrants for all delinquent accounts in October 2000 and November 2000.

**R2.17** Because of the proven success which issuing block warrants has on the collection of unpaid fines and fees, WMC should continue issuing block warrants on all delinquent accounts. Furthermore, it should begin monitoring the success rate of issuing block warrants to determine if this should become the primary method to collect on delinquent accounts. In April 2000, WMC sent cases in the amount of \$327,235 to its collections agency. **Table 5-12** illustrates how much would be collected on all of these cases assuming various success rates associated with issuing block warrants.

**Table 5-12: Potential Collections from Issuing Block Warrants**

Percent Collected	Potential Dollar Amount Collected
50%	\$163,618
60%	\$196,341
70%	\$229,065

F2.30 The City of Warren participates in the Compact Procedures program which is a national program designed to collect traffic fines from out of state offenders. The program is used in 48 out of the 50 states. When an offender from another participating state receives a traffic citation in the City, WMC will send a letter to remind the offender to pay. If no payment is received within 30 days, then a notice is sent to the Ohio Bureau of Motor Vehicles (OBMV). OBMV then sends a notice to the individual's home state. The offender's drivers license is then suspended by their home state until the fine is paid. The clerk of court indicated that no procedures are followed to monitor the effectiveness or efficiency of the program.

**C2.8** Participating in the Compact Procedures program assists WMC in collecting on traffic fines from out of state offenders. In addition, sending a letter to the offender to remind them to make payments within 30 days allows the offender to take the appropriate action prior to having their drivers license suspended.

**R2.18** WMC should begin maintaining records on all cases sent through the Compact Procedures program. In addition, not only will maintaining proper documentation assist the WMC in tracking the efficiency and effectiveness of the program, but it will also place WMC in a position to determine if an alternative collection method (modifying format of traffic tickets, equipping state highway patrol vehicles with credit card machines, etc.) might yield more desirable results.

F2.31 As mentioned in the discussion of the National Center for State Courts study (F2.26), the use of a financial affidavit proved to be an effective collection method. The clerk of court has indicated that a financial affidavit is not used at WMC. According to the study, the financial affidavit was used to assess a defendant's ability to pay. References that the defendant provided during the study were contacted to verify the information provided on the affidavit by the defendant. The affidavit also served as a deterrent to defendants who were asking time to pay and thus encouraged them to pay the entire fine on the day of sentencing.

**R2.19** WMC should consider the use of a financial affidavit to assess a defendant's ability to pay. References should be contacted in the defendant's presence to assess the accuracy of the affidavit. WMC should not allow the defendant to provide references at a later date because the defendant would have time to contact the references and advise them on how to respond to inquiries. If the references cannot be reached or if the references provide conflicting information, the defendant should be given two or three days to pay the fine in full.

F2.32 In order to enhance collections, the judges of WMC run daily balance reports on all persons who are appearing in court each day. Defendants who are not current on their payments and have failed to appear in the clerk of court's office are found in contempt and sentenced to jail. Contempt is often purged when payment is made by the defendant.

**C2.9** Running daily balance reports on all persons appearing in court each day allows WMC to confront those defendants who are delinquent in making payments and are repeat offenders. In addition, placing defendants in contempt assists in persuading them to make payment on delinquent cases.

F2.33 Prior to the lay offs in FY 1998, there were two employees in the criminal division who were responsible for sending out letters and making phone calls on cases which were delinquent. As a result of the lay offs, WMC does not have anyone assigned in the criminal division for handling or monitoring uncollected fines.

**R2.20** WMC should consider implementing the recommendations which have been made in this section. However, in order to adequately pursue and monitor uncollected fines and fees, it may be necessary for WMC to hire one employee (1.0 FTE). Hiring one employee who can focus on monitoring delinquent accounts and actively pursue collections on delinquent accounts could potentially increase the amount of revenue for the City. Furthermore, the salary for this individual would be offset, in part, by the additional revenues which are generated from the collections of delinquent accounts. One potential option for filling this position would be to transfer one of the assignment commissioners from the judicial operations (**F2.8** and **R2.6**).

*Financial Implication:* Based upon the average salary of deputy clerk's at WMC and assuming benefits equivalent to 30 percent of annual salaries, WMC would incur additional salaries and benefit expenditures of approximately \$35,200 per year. While part of this cost would be offset by the additional revenue, the Auditor of State's Office was unable to estimate what this amount would be because WMC has not tracked its collection rates in the past.

F2.34 The Ohio Rules of Criminal Procedures Rule 46(G) states that municipal courts should establish methods whereby individuals can make payments using a credit card. Some potential benefits of using credit cards as a method of payment according to the March 2000 report titled “Recommended Practices for State and Local Governments” from the Government Finance Officers Association include the following:

- Increase the certainty of collection;
- Reduce processing costs for non-sufficient funds (NSF);
- Accelerate payments and the availability of funds;
- Improve the audit trail; and
- Increase customer convenience.

WMC implemented the practice of accepting credit cards as a method of payment in March 1995. According to the agreement between the WMC and the financial institution for the credit card accounts, WMC must pay a flat fee of \$10.50 per month, a \$.27 fee per transaction and a 1.87 percent fee for each amount charged per month. The bookkeeper of WMC has indicated that the fees are not passed on to the individual using the credit card to make payment. As a result, WMC expends approximately \$1,600 per year in credit card transaction fees. Ohio Criminal Rule of Procedure Rule 46(G) states that no transaction fee may be paid by a municipal court or clerk’s office unless allowed by law.

**C2.10** Accepting credit cards as a method of payment increases the certainty of collection from the public. In addition, it accelerates the receipt of payment and increases the availability of funds. Using credit cards also provides increased control over cash management and provides a service which is convenient to the individual making payment.

**R2.21** WMC should consider renegotiating the credit card contract with the financial institution to eliminate the transaction fees. If the fees cannot be renegotiated, WMC should pass on the fees to customers who use credit cards as a method of payment. To ensure compliance with Ohio Rule of Procedure Rule 46(G), WMC should contact its legal counsel. However, an administrative fee cannot be charged which is greater than the additional administrative expenses incurred.

*Financial Implication:* If WMC were to pass on the credit cards transaction fees to its customers, it could save approximately \$1,600 per year.

During the course of this audit, WMC signed a journal entry which charges the user of credit cards an additional fee to cover the transaction costs. The cost schedule for the additional fee is based upon the dollar amount charged to the credit cards.

### *Cash Management*

F2.35 The Clerk of Court operations are responsible for collecting monies for all fines and fees attributable to the following types of cases: civil, criminal, small claims and trusteeship. All monies are deposited at the designated financial institution by noon each day by the judges' bailiffs.

**C2.11** By depositing monies with the financial institution every 24 hours, WMC ensures the availability and security of its assets. In addition, it assists WMC in correctly monitoring deposits and providing better assurance as to the accuracy of monthly bank reconciliations.

F2.36 WMC has used its current financial institution for over eight years and maintains all of its accounts with the same financial institution. In addition, WMC does not have a formal policy regarding the procurement of banking services. Due to the recent changes in technology, cash management practices and the banking industry, the periodic review of banking services which are being received from a financial institution is becoming a necessity according to the March 2000 report of the GFOA titled "Recommended Practices for State and Local Governments."

**R2.22** WMC should develop and implement policies and procedures for the review and procurement of banking services on a periodic basis. The policies and procedures should include the following:

- Reviewing the banking services which are currently being received for effectiveness and efficiency;
- Initiating competitive-bidding for major banking services through the use of requests for proposals;
- Utilizing contracts for banking services which specify services, fees and other methods of payment and compensation; and
- Evaluating the needs of specific banking services against related costs and benefits.

### *Bonds*

F2.37 There are four different types of bonds approved and collected by WMC: full bonds, ten percent bonds, surety bonds and personal bonds. The distinction between the types of bonds is as follows:

- A full bond requires a deposit of the entire bond amount.
- The ten percent bonds are established by a fee schedule and WMC keeps ten percent of the ten percent bond deposit.

- A surety bond goes through a bondsman. The bondsman guarantees the full amount while the individual/defendant pays the bondsman ten percent. The bondsman does not pay WMC anything. If the defendant does not show up for trial, the judge may order the bondsman to pay either ten percent or the full amount of the bond. The bondsman is only liable if WMC pursues action against them.
- A personal bond is signed by the defendant stating that they will show up for trial. No money needs to be provided by the defendant.

F2.38 A full bond or ten percent bond may be posted by the defendant or another individual. Whoever posts the bond is entitled to get the full amount back. If the defendant is found guilty and the bond is in the defendant's name, it can be used to cover court costs and fines and the remainder is returned. However, if the defendant is found guilty and the bond is not in the defendant's name, it is up to the discretion of the judge or the individual named on the bond if the bond can be used to cover costs and fines. WMC judges have indicated that it routinely orders ten percent bonds to be applied to fines and costs, regardless of who posts the bonds.

There is no section in the ORC that states what a municipal court is legally bound to do in regards to the refunds of bonds. In the most recent copy dated May 18, 1994, WMC's Rules of Practice does not specifically state what should be done with bond money. The Rules of Practice also does not indicate that the judges have the discretion to order a ten percent bond to be applied to fines and costs, regardless of who posts the bond.

The criminal division of the Lima Municipal Court has devised a method to prohibit the full refund of a bond payment when someone other than the defendant posts bond. If someone else is posting bond for the defendant, they are presented with and requested to sign an "acknowledgment form," which is also signed by the defendant. This form states that bond money can be used for fines and costs assessed by the court. By signing this form, the individual agrees to allow the bond money to be used for that purpose. According to the chief deputy of Lima Municipal Court, there has never been a situation where someone has refused to sign this form. With this policy, the Lima Municipal Court is enforcing its collection process and ensuring that defendants do not become delinquent in paying their fines and costs.

F2.39 There is nothing stated in the Rules of Practice as to what needs to be done with bonds when someone fails to appear. The clerk of court indicated that for outstanding bonds on an arraignment, a letter is sent to the defendant (or bondsmen, if applicable) requiring them to appear in court or a warrant will be issued for their arrest. If the defendant does not appear in court within 10 days, then the bond is forfeited. If a defendant fails to appear for a hearing, then a bond forfeiture hearing is set to take place in 30 days and the defendant (or bondsmen, if applicable) is notified of the hearing. The bond will be forfeited if the defendant does not appear in court prior to the bond forfeiture hearing. All bonds which are forfeited are distributed in the same manner as fines in accordance with ORC §2937.26.

**R2.23** WMC should consider implementing a formal policy similar to that being used by the Lima Municipal Court. WMC should consider developing and consistently using an “acknowledgment form” similar to Lima Municipal Court which states that the individual posting bond for the defendant agrees to allow court costs and fines to be deducted from the bond payment. Only after court costs and fines have been deducted will the remainder be returned.

WMC should include in its Rules of Practice the practices followed for bond refunds. In addition, the Rules of Practices should be updated to accurately portray the current process associated with outstanding bonds resulting from defendants who failed to appear in court. By including these practices in the WMC Rules of Practice, it will ensure that the practices will be consistently followed.

### *Internal Controls*

F2.40 When an individual is required to pay fines/fees at WMC, they go to the counter and are assisted by a deputy clerk. All deputy clerks have their own computers and cash drawers. Furthermore, deputy clerks are permitted to use only their cash drawers. While each deputy clerk has a specific cash drawer, there are no security measures in place which would ensure the safekeeping of cash after it has been collected and placed in the cash drawer. The only security measure which exists is the placement of the cash drawers in front of all deputy clerks. This allows each deputy clerk the opportunity to see who is accessing each of the cash drawers.

**R2.24** WMC should implement security measures over the cash drawers including the utilization of locks when the cash drawers are left unattended. Potential security measures include locking all cash drawers when left unattended and placing all cash drawers back in the safe if the deputy clerk is leaving the counter area for an extended period of time. These security measures will limit access to only those individuals with the proper authorization.



F2.41 As stated in **F2.20**, WMC is using a municipal court software application supplied by Crawford Consulting, Inc. One function included in the software application is a cash drawer reconciliation function which aides the deputy clerks in balancing their cash drawers at the end of the day. The application automatically calculates the amount which should be in each cash drawer after each transaction and separates the amounts between the following: cash, checks, Visa and MasterCard. At the end of the business day, the deputy clerks balance their cash drawers. The cash drawers are counted and the amounts in the drawers are entered into the computer. The computer then calculates the variance between the amount which should be in the cash drawer and the amount actually in the cash drawer. A reconciliation form is printed out and signed by the deputy clerks as evidence that the cash drawers balance.

At the beginning of the next day, the clerk of court will verify the cash drawer reconciliations for the criminal division and prepare the deposit slip. The deputy clerks within the civil division who come in during the early shift the following morning verify the cash drawer reconciliations for the civil division and prepare the deposit slip. The daily cash reconciliation sheets are not kept to verify that the cash drawers balanced.

**C2.12** WMC is ensuring that the daily cash reconciliations are prepared efficiently and effectively by using the computer generated reports. Furthermore, by requiring someone other than the initial person to verify the daily reconciliation on the next morning, WMC is ensuring that the amount of cash collected and the amount available for deposit is accurate. The use of the computer generated reports and verification procedures increases the accountability controls over cash collections.

**R2.25** While WMC has implemented an effective daily cash reconciliation process, it can be improved by maintaining signed, daily cash drawer reports indicating that the cash drawers balance. In addition, the individual who verifies that the reconciliation was accurate should also sign the cash drawer reports as evidence that the verification was completed and the reconciliation was accurate.

F2.42 WMC does not have a formal policy as to how cash shortages are handled. However, it has been indicated that for any shortages, the deputy clerk must contribute their own money to make up the variance.

**R2.26** WMC should develop and implement a formal policy regarding cash drawer variances and should include the policy in the WMC's policy manual (**F2.2** and **R2.2**). The policy should indicate what is to be done with a cash surplus within a cash drawer and the action to be taken if there is a deficit within the cash drawer. The policy should also outline the procedures to be taken if a deputy clerk has a perpetual problem of balancing their cash drawer on a daily basis.

F2.43 At the start of this engagements, all unused checks at the end of each business day were stored in a large, walk-in safe within WMC while the cash was placed in a small safe within the clerk of court's office. The large, walk-in safe was not locked at anytime (during the day or evening hours). The small safe was locked during the evening; however, there are six people within the WMC who know the combination to the safe.

**R2.27** WMC should implement procedures and controls over the checks in its possession. Failure to have appropriate controls increases the possibility of theft of governmental funds. The controls and security measures should include tracking the inventory of unused checks to determine that there are no missing checks, limiting access to the check books during the day by locking it in a drawer when not being used and implementing the use of check writing software (**F2.22** and **R2.13**).

In addition, WMC should limit the number of people who have access to the checks within the small safe. The following two procedures are potential options for WMC to limit the accessibility to the checks within the safe:

- WMC could minimize the number of individuals who have knowledge of the combination to the safe.
- WMC could utilize dual procedures comparable to those used by financial institutions which include needing two people to open the safe.

During the course of this engagement, WMC moved the storage of the unused checks from the large, walk-in safe to a locked cabinet in the bookkeeper's office (which is also kept locked). In addition, WMC has changed the combination to the small safe where the cash is maintained and has limited the number of people who know the combination to three WMC employees.

F2.44 WMC employs one bookkeeper who is responsible for the cash management functions of WMC. The individuals responsible for the daily collection of monies within the criminal/traffic division and civil division do not perform the daily deposits and monthly disbursement transactions related to the case files. These transactions, in addition to the monthly bank reconciliations and other duties, are performed by the bookkeeper.

**C2.13** The separation of cash management duties within WMC creates a segregation of duties between cash receipts, record keeping, deposits and monthly cash disbursements. Failure to have such a segregation would decrease the controls over cash resulting in possible theft. In addition, limiting the number of people who are authorized to make cash disbursements minimizes the possibility of expenditures being made for unauthorized products and services.

F2.45 As stated in **F2.44**, the bookkeeper is responsible for performing all cash disbursements within the Clerk of Court operations by utilizing the computer system. In the event that the bookkeeper is not available to make a cash disbursement, there is one deputy clerk who is authorized and trained to make cash disbursements using the computer system. Because WMC does not use a computerized check signer, all checks must be manually signed. WMC has a total of eight people who are authorized to sign checks with the bookkeeper being the primary individual.

**R2.28** WMC should limit the number of people who are authorized to sign checks. Limiting the number of employees who can sign a check increases security and provides assurance that only authorized expenditures will be made and decreases the potential of governmental resources being stolen.

During the course of this audit, the WMC has taken action to implement this recommendation. This action consists of reducing the number of individuals authorized to sign checks from eight to three.

F2.46 The bookkeeper is responsible for preparing the monthly bank reconciliations. However, the bookkeeper is not required to submit completed bank reconciliations to the clerk of court and no one within WMC is responsible for ensuring that the monthly bank reconciliations are being prepared accurately.

**R2.29** WMC should implement a policy requiring the bookkeeper to sign all monthly bank reconciliations as evidence of completion and accuracy. In addition, copies of the monthly bank reconciliations should be given to the clerk of court for additional monitoring procedures of cash flows. The clerk of court should sign the monthly bank reconciliations as evidence of receipt in a timely manner and agreement with the financial information of WMC.

F2.47 WMC does not have a formal banking policy. A banking policy is a valuable tool to an entity because of the information and guidance which it provides in the area of investing and depositing of monies.

**R2.30** WMC should work with the City auditor and treasurer to create a formal banking policy that provides guidelines to be followed when investing monies received. Some of the information in the banking policy should include, but not be limited to the following:

- The people who are permitted to conduct investments;
- The type of investment accounts (savings, checking, certificates of deposits) which will be used;
- The maximum amounts which can be invested at a particular time;

- When monies can be placed into an investment account; and
- The length of an investment.

F2.48 WMC deposits all monies into a checking account which also functions as a “sweep” account. At the end of each business day, all amounts in the checking account over \$15,000 are swept out of the checking account, invested overnight and swept back into the checking account the next day.

According to ORC §1901.31(G), all monies received by a municipal clerk’s office must be deposited into a state or federal financial institution. In addition, the monies must be deposited into depository accounts. Depository accounts have been defined to be savings accounts, checking accounts and certificates of deposits (CDs). Currently, there is no legislation which allows a municipal clerk’s office to deposit monies into STAR Ohio or sweep accounts.

**R2.31** WMC should evaluate its current investments to ensure it is in compliance with ORC §1901.31(G). One potential solution is to reinvest the monies into a checking account which pays a higher interest rate for maintaining a higher daily balance. Another potential solution is for WMC to perform an assessment on its cash needs and invest excess monies into short-term CDs.

## Financial Implications Summary

The following table is a summary of estimated annual savings from the aforementioned recommendations.

Recommendation	Estimated Annual Savings	Estimated Annual Costs	One-time Implementation Costs
<b>R2.6 Cross training employees on functions of assignment commissioners which will allow for a reduction of two employees</b>	\$21,800		
<b>R2.8 Phasing out the part-time immobilization clerk position and distributing responsibilities</b>	\$11,300		
<b>R2.13 Purchasing and implementing a computerized, mechanical check signer</b>			\$2,300 - \$3,900
<b>R2.20 Hiring one employee to serve as collections officer</b>		\$35,200 <sup>1</sup>	
<b>R2.21 Passing on credit card transaction costs to the customers</b>	\$1,600		
<b>Total</b>	<b>\$34,700</b>	<b>\$35,200</b>	<b>\$2,300 - \$3,900</b>

<sup>1</sup> Part of this annual costs would be offset, in part, by the additional revenue generated. However, the Auditor of State's Office is unable to estimate how much would be offset.

## **Conclusion Statement**

While WMC has developed and implemented an organizational structure, it is lacking a formal, written organization chart which clearly identifies the reporting structure; a comprehensive and detailed policy manual; and a up-to-date job description for each position within WMC. These formal, written documents are necessary for any agency in order to effectively define authority and the reporting structure; communicate workplace policies and responsibilities to employees; and define the job functions, position qualifications, position responsibilities and evaluation criteria for each position.

As a result of recent decreases in its staffing levels due to the financial difficulties within the City, it appears that WMC's overall staffing is adequate. However, based on comparisons to peers, WMC should consider making minor adjustments to the staffing within certain departments, functions or positions. More specifically, the WMC should consider hiring one FTE to monitor the fine and fee collection process, reducing one FTE in the assignment office and reducing a half (0.5) FTE in the immobilization clerk position.

WMC has taken a proactive approach in ensuring that its technology and software packages allow it to provide an efficient and effective service to the community. In addition, all technology related expenditures are paid from funds established by the ORC which in turn decreases the amount of General Fund resources needed by WMC. However, in order to ensure that WMC is able to recognize its future needs, it should develop and implement a long-term strategic technology plan, computer disaster recovery plan and computer usage policy. In addition, WMC should consider purchasing a computerized check signer.

WMC has begun to make the collection of delinquent accounts a priority. This is evident by its effort to collect on delinquent accounts through the use of a collections agency for all cases delinquent for more than two years, issuing block warrants in accordance with HB 141 and participating in the Compact Procedures Program. However, in order to further facilitate the collection of fines and fees, the WMC should consider using a financial affidavit and sending all cases which are delinquent for one year to the collections agency on a more frequent basis.

Although WMC's internal controls appear to be adequate, there are some areas where internal controls can be improved. Currently, there are no controls to prevent unauthorized access to the cash drawers, to ensure that daily reconciliations are being performed or to minimize the access to cash or unused checks. In order to increase controls over cash, WMC should require signatures on daily reconciliations, implement a formal policy regarding cash drawer variances and limit the number of people who have access to the safe where cash and checks are stored as well as minimize the number of employees who are authorized to sign checks.