



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

Final Report

Audit of the Juvenile Court Clerk's Office

Date Issued: August 9, 2012

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*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
that reports directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY

August 9, 2012

Results in Brief	Background and Recommendations						
<p>We conducted a performance audit of the Juvenile Court Clerk’s Office.</p> <p>Key audit objectives and conclusions are as follows:</p> <ul style="list-style-type: none"> • Was the Juvenile Court Clerk’s Office effectively meeting the needs of stakeholders? <p>Yes. Seventy-seven percent of respondents to a survey conducted by the Metropolitan Nashville Office of Internal Audit strongly agreed that service at the Juvenile Court Clerk’s Office was effective.</p> <ul style="list-style-type: none"> • Were collected fines, fees and commissions recorded, safeguarded, deposited and forwarded to authorized entities accurately, completely and timely? <p>Inconclusive – Scope Limitation</p> <p>Documentation provided by the Juvenile Court Clerk’s Office was insufficient to provide a reasonable basis for the Office of Internal Audit to render an opinion. Consequently, the results of our testing are inconclusive. The time period for the missing documents was from July 1, 2009, to May 11, 2010, and presumably was lost in the May 2010 flood.</p> <ul style="list-style-type: none"> • Were recommendations from the 2009 Juvenile Court Clerk Victims’ Compensation Trust Account Management audit implemented? <p>Generally yes. However, management should commit to writing the informal investment policy currently in place and ensure that Clerk’s fees are deposited into Metro Nashville’s General Fund.</p>	<p style="text-align: center;">Three Years of Collections July 1, 2009 through June 30, 2011</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Amount (millions)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Child Support</td> <td style="text-align: center;">\$6.0</td> </tr> <tr> <td style="text-align: left;">Fees</td> <td style="text-align: center;">1.5</td> </tr> </tbody> </table> <p>The Juvenile Court Clerk’s Office fiscal year 2011 budget of \$1.5 million allowed the Office to process 46,649 cases along with collecting fees, fines, commissions, and child support. Also, the Office managed victims’ compensation trust funds in excess of \$1.9 million.</p> <p>Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Implement a written investment policy for the Victims’ Compensation Trust Accounts that will identify the type of bank account or investment instruments needed to consistently maximize interest earnings. • Ensure that incompatible revenue collection duties—cash handling, deposit preparation, recordkeeping and authorization—are segregated. • Journal entries to record receipt of fines, fees and commissions should be made within two business days of receipt or as stipulated by special arrangement with Metro Nashville’s Division of Accounts. • Ensure that disbursements are recorded. • Permission to modify information contained in the department’s accounting system should be restricted based on business purpose. <p>Management’s response can be seen in Appendix B.</p>		Amount (millions)	Child Support	\$6.0	Fees	1.5
	Amount (millions)						
Child Support	\$6.0						
Fees	1.5						

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INTRODUCTION

Audit Initiation

The performance audit of the Juvenile Court Clerk's Office was part of the work plan approved by the Metropolitan Nashville Audit Committee. The audit was initiated by a request from David Smith, Juvenile Court Clerk.

Background

The Juvenile Court Clerk is responsible for keeping all records of the Juvenile Court. The Clerk's Office maintains separate minutes, dockets and records for all matters pertaining to Juvenile Court proceedings and collects fees for proceedings in Juvenile Court. A clerk's commission is assessed on some of the fees collected by the Office. Both the fees and corresponding clerk's commission are established by state statute (Tennessee Code Annotated § 8-21-4).

In addition, the Juvenile Court Clerk fulfills several other important tasks such as maintaining accounts for juvenile crime victims. The Juvenile Court Clerk also operates the cooperative child support system for the county. Under an agreement approved by the Judge of the Davidson County Juvenile Court, the Clerk collects and distributes child support and acts a pass-through entity for other payments, such as restitution.

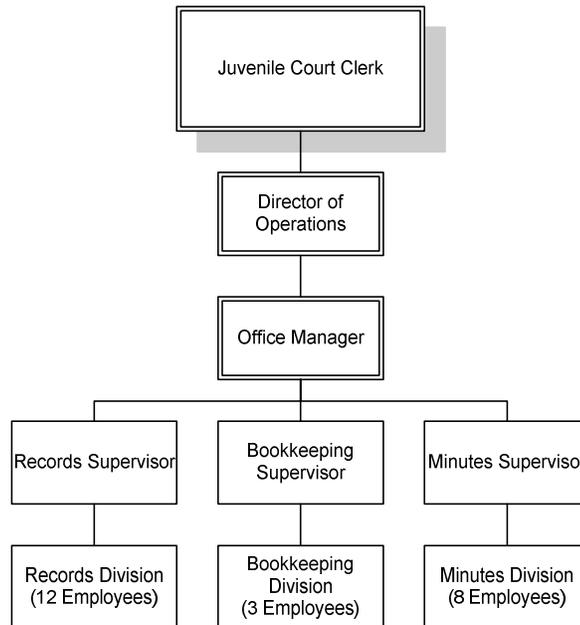
The Juvenile Court Clerk is a constitutionally established office and the Clerk is an elected official. Elections occur every four years. David Smith was elected to the post of Juvenile Court Clerk in May 2010 and began his first term in office on September 1, 2010.

The stated mission of the Office is, "to provide those persons utilizing the services of the Juvenile Justice System with the highest level of efficient and courteous service, in a manner which is fiscally responsible, to all citizens of Metropolitan Nashville."

Organizational Structure

The Juvenile Court Clerk's Office is comprised of three divisions: records, minutes, and bookkeeping. An illustration of the organizational structure of the Office follows.

Exhibit A – Juvenile Court Clerk’s Office Organization Structure



Unusual Circumstances: Flood of May 2010

The Juvenile Justice Center rebounds after near wipe-out flooding.

Nashville experienced a flood in May 2010 that severely impacted the Juvenile Justice Center, where the Juvenile Court Clerk’s Office is located. *The Juvenile Justice Center rebounds after near wipe-out flooding* published in The City Paper on May 1, 2011, estimated that between 15,000 and 20,000 files were soaked in the flood. To their credit, the Juvenile Court Clerk’s Office made a remarkable effort to salvage the files. Funds were appropriated by Metro Council specifically for the purpose of restoring documents damaged in the flood and scanning into electronic format all of the documents housed at the Juvenile Court Clerk’s Office. The scanning project was completed at the end of calendar year 2011. Despite the valiant efforts, a significant number of documents were destroyed resulting in some data requested by the Metropolitan Nashville Office of Internal Audit being unavailable for review.

Those housed in Juvenile Justice Center were displaced for approximately nine months. The Juvenile Court Clerk’s Office returned to the renovated facility in March 2011.

Financial Information

Collection of Fees

The Juvenile Court Clerk collects fees for proceedings in the Davidson County Juvenile Court. This includes fines, costs, litigation taxes, commissions and fees. The table below shows the totals collected by the Davidson County Juvenile Court Clerk in fiscal years 2009 through 2011.

Exhibit B – Fees Collected by the Juvenile Court Clerk

Fiscal Year	Fees Collected
2011	\$675,481
2010	524,016
2009	346,389

Source: EnterpriseOne. Metro Nashville's accounting system

Variations in fees collected occur as a result of fluctuations in the volume of cases heard in the Juvenile Court and are also influenced, in part, by case disposition. Commissions and taxes, in turn, are assessed on fees and fluctuate in concert with them.

Victims' Compensation Trust Accounts

Per state law, the Juvenile Court Clerk is responsible for establishing and administering criminal injury compensation awards made to minors. Criminal injury compensation awards are granted through the State of Tennessee to juvenile victims of crime. The funds are to be placed in an interest-bearing account for the benefit of the minor. The account is established in the name of the minor with the Juvenile Court Clerk listed as custodian of the account and held until the juvenile reaches the age of eighteen. Prior to the eighteenth birthday of the minor, monies may be withdrawn from the accounts by filing a motion to encroach. Encroachments must be approved of the Judge of the Davidson County Juvenile Court.

Following is a summary of victims' compensation trust accounts under management by the Juvenile Court Clerk's Office at fiscal year-end.

Exhibit C - Victims' Compensation Trust Funds

Fiscal Year	Total Victims' Compensation Trust Funds	Percent Change (Year Over Year)
2011	\$1,912,172	-1
2010	1,932,087	-3
2009	1,999,335	-3

Source: Metro Nashville Consolidated Annual Financial Report

On March 31, 2009, the Metropolitan Nashville Office of Internal Audit issued the *Juvenile Court Clerk Victims' Compensation Trust Account Management* audit report. One of the first priorities of David Smith upon taking office was to address any remaining issues

pertaining to victims' compensation trust accounts noted in the report.

Collection and Distribution of Child Support

Until June 30, 2012, the Juvenile Court Clerk will serve as the designated collector and distributor of child support ordered in the Davidson County Juvenile Court. This arrangement was established with the approval of the Clerks of Court in Davidson County and the Judge of the Davidson County Juvenile Court. The ability to establish a cooperative child support system is authorized by Tennessee Code Annotated¹. Beginning July 1, 2012, the Juvenile Court Clerk's Office will only collect and distribute child support payments related to private party cases ordered to be paid at the Davidson County Juvenile Court. The Department of Human Services of the State of Tennessee administers the child support program throughout the State.

IV-D Child Support

Recipients of Families First benefits, Transitional Child Care and TennCare / Medicaid and Foster Care are automatically referred to the State of Tennessee's Child Support Services if a parent is absent from the child's home; recipients of aid must comply with Child Support Services, which operates within the State of Tennessee's Department of Human Services, directives. Child Support Services will assist the custodial parents in locating the absent parent, establishing paternity, setting up child support arrangements and monitoring payment. At the Office of the Juvenile Court such cases are referred to as IV-D cases. IV-D cases are heard at the Juvenile Justice Center on dockets specific to such matters.

Non IV-D Child Support

Child support cases in which the State of Tennessee's Department of Human Services is not involved are referred to as Non IV-D. These cases are initiated directly by a custodial parent or guardian.

Information Technology

Juvenile Information Management System

Juvenile Information Management System is an integrated product developed by Justice Integration Services and used by the Juvenile Court Clerk's Office for calendaring, docketing and filing. Related cases, including additional charges or co-defendants, are linked logically together in the system. All cases and payments, other than child support, are tracked in the Juvenile Information Management System.

Model Clerk

Model Clerk is an information system, implemented by the State of Tennessee in 1995, to receipt and record child support payments. The Juvenile Court Clerk's Office transmits data regarding child

¹ Tennessee Code Annotated, Title 18 Clerks of Courts, Chapter 1 General Provisions, Part 1 Qualifications and Conduct of Office

support collections to the Tennessee Child Support Enforcement System in batches at the end of every workday.

Data entered by the Juvenile Court Clerk's Office in Model Clerk includes orders, biographic information regarding parties (petitioners and respondents) related to child support cases, amount of child support and custody information.

Excel Accounting System

Until July 2011, the Juvenile Court Clerk's Office used an Excel based accounting system exclusively to track receipts. In July 2011, an automated receipting module, a part of the Juvenile Information Management System, was implemented. Currently, the monthly accounting close-out process is still completed using the Excel based system, although receipting is automated.

EnterpriseOne

EnterpriseOne is the primary accounting software system used to record and report all financial reporting transactions for Metropolitan Nashville.

TimeTrax

TimeTrax is an automated attendance management system. Employees clock in and out by swiping an identification card through a TimeTrax attendance card reader. Management of the Juvenile Court Clerk's Office is able to generate reports from TimeTrax that are used to monitor timekeeping and attendance. The reports are used for payroll entry into EnterpriseOne.

jAVS

jAVS is a digital audio and video recording system used to record court room proceedings.

AT&T Call Queue System

This automated messaging and queue system is used by the Juvenile Court Clerk's Office to handle incoming calls.

OBJECTIVES AND CONCLUSIONS

1. *Were recommendations from the 2009 Juvenile Court Clerk Victims' Compensation Trust Account Management audit implemented?*

Seventeen of the nineteen recommendations had been implemented, either fully or partially, or considered but not implemented.

Generally yes. Seven observations, each with multiple recommendations, were included in the 2009 report. As of May 2012, seventeen of the nineteen recommendations had been implemented, either fully or partially, or considered but not implemented by the Juvenile Court Clerk's Office.

Two recommendations, however, had not been acted upon. An investment policy for Victims' Compensation Trust Account funds had been established as recommended in the 2009 audit, but it had not been formalized in writing. When advised of this recommendation during this audit, the Juvenile Court Clerk drafted and officially implemented a policy.

Clerk's commissions on Victims' Compensation Trust Account funds were not being deposited into Metro Nashville's General Fund bank account nor were they recorded in EnterpriseOne, Metro Nashville's accounting system (see Observation B).

2. *Were collected fines, fees and commissions recorded, safeguarded, deposited and forwarded to authorized entities accurately, completely and timely?*

Inconclusive – Scope Limitation. It was not possible to provide assurance that all collected fines, fees and commissions were recorded, safeguarded and forwarded to authorized entities as required since documentation provided by the Juvenile Court Clerk's Office was incomplete. Consequently, available information did not provide a reasonable basis to make a conclusive determination. The time period for the missing documents was from July 1, 2009, to May 11, 2010, and presumably was lost in the May 2010 flood.

Within the data that the Juvenile Court Clerk's Office was able to provide, weaknesses in internal control were observed. The majority of the weak controls were manifested between July 1, 2009, and January 24, 2011, (see Observations A, C and D). Significant improvements were noted after that. It is important to note that the current Juvenile Court Clerk assumed his duties in September 2010.

Some internal control weaknesses related to the revenue cycle were resident throughout the entire audit scope. These include latency in recording revenue in Metropolitan Nashville's accounting system, EnterpriseOne and lack of segregation of duties in the mail receipt and opening process (see Observations E, F, G, H and I).

3. *Were fiscal policies and procedures documented in writing and did they reflect current practice?*

Generally yes. The Juvenile Court Clerk's Office was in the process of implementing accounting modules for the Juvenile Information Management System. Written instructions regarding the modules have been created and used in employee training. Additionally, procedures existed for many of the Bookkeeping Division functions. They were not, however, compiled into a comprehensive manual. Nor can they be considered complete because policies and procedures related to the role of Finance Officer were not included (See Observation J).

4. *Were child support receipts recorded, safeguarded and forwarded to authorized entities completely and within ten days per Tennessee Code Annotated § 35-5-101?*

A lack of documentation and significant internal control weaknesses in the child support collection process existed. Most of these issues pertained to the time period preceding the current administration.

Inconclusive – Scope Limitation. Due to a lack of documentation and significant internal control weaknesses in the child support collection process, the Metropolitan Nashville Office of Internal Audit was unable to render an opinion regarding whether child support receipts were recorded, safeguarded and forwarded to authorized entities completely and timely.

Among the data unavailable for review was hardcopy documentation from Model Clerk, the system used by the State of Tennessee to track child support collections, for the period July 1, 2009, to May 19, 2010. While the Juvenile Court Clerk's Office made attempts to locate the data, it had apparently been destroyed in the May 2010 flood.

Additionally, Excel Accounting records maintained by the Juvenile Court Clerk to track child support receipts were missing for the time period prior to July 2010. Excel Accounting spreadsheets detailing child support deposits were not retained prior to March 2010. Further, deposit slips were either not retained or had not been filled out sufficiently enough (i.e. check numbers and dates were missing) to support deposits for 22 of the 36 days in our sample. Some of these dates occurred prior to the May 2010 and might have been lost in the flood, although those dated after May 2010 should not have been affected.

A lack of segregation of duties related to child support collection, recordkeeping and disbursements existed during the period for which documentation was available. This hindered our ability to provide assurance that the child support collection process was working as intended (see Observations A, C, D, E, F, G and H). It should be noted that the current administration has taken measures to improve controls over child support collection and recordkeeping.

5. *Were record management practices, processes and procedures adequate to ensure that the Juvenile Court Clerk's duties, outlined in Tennessee Code Annotated §18-1-105, were performed efficiently, effectively and accurately?*

Yes. Record management, including victims' trust compensation accounting, accessibility and organization of files and responsiveness of the Juvenile Court Clerk to the needs of the Court, was adequate to ensure that the Clerk's duties were performed efficiently, effectively and accurately. Per the Judge of the Davidson Juvenile Court, record management has improved markedly at the Juvenile Court Clerk's Office under the direction of the current Juvenile Court Clerk.

6. *Was the Juvenile Court Clerk's Office effectively meeting the needs of stakeholders?*

77 percent of respondents strongly agreed that overall service was effective.

Yes. A survey conducted by the Metropolitan Nashville Office of Internal Audit indicated that 79 percent of respondents strongly agreed that service at the Juvenile Court Clerk's Office was prompt; 77 percent of respondents strongly agreed that service was courteous; 78 percent strongly agreed that the Juvenile Court Clerk Staff paid attention to their needs; and, 77 percent strongly agreed that overall service was effective.

7. *Was the Juvenile Court Clerk's Office following payroll and timekeeping policies and procedures as management intended?*

Generally no. Attendance and leave records needed to substantiate leave balances were incomplete for the period July 1, 2009, through September 18, 2010, which pre-dates the current administration's tenure. However, there was also a lack of segregation of duties related to leave balance tracking and some leave balances were not accurate. Policies outlined in the employee manual did not reflect actual practice (see Observations K and L). It should be noted that management of the Juvenile Court Clerk's Office worked to rectify the issues when brought to their attention.

8. *Were employees given computer access on a need to know basis for their job and according to information security standards?*

Generally yes. As an owner of the Justice Information Management System, the Juvenile Court Clerk's Office should formalize the processes for provisioning and deprovisioning users from the system. The Office should study the roles and business needs of current users to ensure application security enforces least privileges required for job tasks and segregation of duties. Generic user accounts should be removed from the Juvenile Information Management System. Rights assigned to other users were in accordance with business needs.

OBSERVATIONS AND RECOMMENDATIONS

A – Improve Disbursements Controls

Crucial information pertaining to disbursements, such as payee and check date for transactions conducted prior to January 2011 was missing from corresponding records in the Excel accounting system.

Disbursements controls were lacking for fines, fees, and commissions, and child support prior to January 2011. Improvement in the completeness of disbursement records after January 2011 was observed; however, because Excel Accounting records were incomplete, disbursement testing was inconclusive.

Disbursement of Fines, Fees and Commissions

Electronic accounting records, pertaining to disbursements of collected fines, fees and commissions, were unavailable for review prior to March 2010. Also, checks written by the Juvenile Court Clerk's Office were not issued sequentially resulting in over 286 occurrences of check number gaps out of 2,141 disbursement checks reviewed.

After March 2010, crucial information pertaining to disbursements, such as payee and check date, was missing from corresponding records in the Excel accounting system. For example, payee fields were blank in the Excel accounting records for March through June 2010 and October 2010. The disbursement date field was blank from March 2010 to January 2011.

Additionally, checks were issued and cashed, but not recorded in the Excel Accounting system. The Metropolitan Nashville Office of Internal Audit searched bank records and determined out of a random sample of 30 check numbers that were unaccounted for in the Excel Accounting system, seven (23%) had actually been cashed.

It is reasonable to conclude, given the incomplete state of disbursement records in the Excel Accounting system, that the books were not reconciled to bank statements or reviewed by a party other than the bookkeeper. Had a review or reconciliation been performed, the gaps in check sequence would likely have been addressed. There was no evidence that such a review or reconciliation occurred.

As mentioned before, improvement in the completeness of disbursement records after January 2011 was observed; however, because Excel Accounting records were incomplete, disbursement testing was inconclusive.

Disbursements of Child Support

Relatedly, records pertaining to child support disbursements were not retained consistently and supervisory authorizations for unusual

transactions were not evident. Non IV-D disbursements did not agree to the Model Clerk Checks Register Detail Journal in seven of the 36 (19%) instances reviewed. In each instance where the actual disbursements did not agree to Model Clerk, the discrepancy could be traced to checks that were voided from the Model Clerk System after the data transmission was sent to the State of Tennessee.

For four of the instances (November 23, 2009, January 4, 2009, January 8, 2010, and February 22, 2010) a single check was voided after the Checks Register Detail Journal was printed. The justification for voiding was either "Void - Wrong Payee" or "Lost in the Mail." No evidence of supervisory review or explanation, beyond the status code entered into the Model Clerk System, existed to support the reason for voiding the transaction.

On November 11, 2010, seven checks reflected on the Checks Register Detail Journal were voided after the report was printed. Notation on the Checks Register Detail Journal for the day indicated the checks were lost. Evidence of the voided checks did not exist for subsequent confirmation.

Checks were reissued for each of the lost ones; the Metropolitan Nashville Office of Internal Audit reviewed the cancelled replacements checks and performed a search of the bank account from which the voided checks were written to determine if any had actually been cashed. As of April 2012, none of the seven voided checks had been cashed.

Criteria:

- *Internal Control and Compliance Manual for Tennessee Municipalities, Title 5: Control Activities, Chapter 11: Cash states:*

"Municipal officials should ensure that voided checks are defaced and retained."

- *Internal Control and Compliance Manual for Tennessee Municipalities, Title 5: Control Activities, Chapter 11: Cash states:*

"Municipal officials should ensure that all money is disbursed by pre-numbered checks (except from petty cash accounts authorized by the governing body.)"

- *Internal Control and Compliance Manual for Tennessee Municipalities, Title 5: Control Activities, Chapter 2: Books and Records, Section 1 states:*

"Municipal officials should ensure that a management level employee periodically reviews the cash receipts journal, cash disbursements journal, general ledger, and subsidiary ledgers to ensure that they are in balance."

- *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 5: Control Activities, Chapter 2: Books and Records, Section 2 states:

"Municipal officials should ensure that a management level employee periodically reviews bank statements and the related reconciliations to determine that they are accurate and all activity is authorized and properly recorded."

Risk:

When accounting records are not complete and incompatible functions are not appropriately segregated the risk of unintentional and / or intentional misappropriation of funds increases.

Recommendations:

The management of the Juvenile Court Clerk's Office should ensure that:

1. Disbursement checks are issued sequentially. If gaps in sequence occur, the reason and management approval for the aberration should be fully documented in the disbursements journal.
2. Incompatible revenue collection duties such as cash handling, deposit preparation, recordkeeping and authorization are segregated.
3. Unusual transactions are authorized by management prior to execution. Evidence of management approval and justification for the transaction should be documented and retained with accounting records.

B – Implement Prior Audit Recommendations

An investment policy governing Victims' Trust Compensation Accounts had been established but was not formalized in writing.

The Juvenile Court Clerk's Office had not implemented or considered all of the recommendations presented by the Metropolitan Nashville Office of Internal Audit in the Juvenile Court Clerk Victims' Compensation Trust Account Management audit report issued March 31, 2009. During the audit scope, 17 of the 19 recommendations issued in the 2009 audit had been implemented. Two important recommendations had not been implemented; an investment policy governing Victims' Trust Compensation Accounts had been established, but was not formalized in writing and the Clerk's Commission on Victims' Trust Compensation Accounts was not recorded in EnterpriseOne, Metro Nashville's accounting system, or deposited into Metro Nashville's General Fund bank account.

The Juvenile Court Clerk's Office did not have a written investment policy governing Victims' Trust Compensation Accounts. Although the Juvenile Court Clerk's Office had established an informal policy

that identified the type of bank accounts needed to consistently maximize interest earnings based on initial award amounts and the potential need for liquidity, it was not formalized in writing. A written policy was drafted by the Juvenile Court Clerk's Office and implemented during the course of the audit.

Clerk's fees on Victims' Compensation Trust Accounts were not recorded in EnterpriseOne, Metro Nashville's accounting system, for the entirety of the audit scope and were not remitted to Metro Nashville. They accumulated in an operating bank account of the Juvenile Court Clerk's Office.

The Juvenile Court Clerk's Office maintains internal records of Victims' Compensation Trust Accounts and has reported account totals and interest accruals to Metro Nashville's Division of Accounts for inclusion in the Consolidated Annual Financial Report. However, internal reports, predating the current administration, were incomplete. Under the current administration, accounting for Victims' Compensation Trust Accounts has improved with the use of a dedicated Justice Information Management System module.

Additionally, the Juvenile Court Clerk had not deposited an uncleared "escrow" account balance into Metro Nashville's General Fund as recommended in the 2009 audit. Under the Smith administration, active attempts were being made by management to determine the origin of the \$78,049 and meetings had been conducted with Metro Nashville Division of Finance to determine a solution to the problem, though a definitive conclusion had not been reached and the funds had not been remitted to Metro Nashville's General Fund.

Criteria:

- Prudent Practice for Investment Stewards: Defining a Global Fiduciary Standard of Excellence for Investment Stewards, U.S. Edition, written by Fiduciary360 with technical review by American Institute of Certified Public Accountants
- Metro Nashville's Division of Finance, Policy # 9 states:
"Cash will be deposited into the depository bank within one business day of receiving the payment at the point of collection, whether it is a department, agency or other entity in Metro. Cash deposits will be entered into the general ledger within two business days of making the deposit to the bank. It is the department's responsibility to make sure all deposits are entered correctly and promptly into the general ledger."

Risk:

Inequity in maximizing juvenile victims' compensation account principal may occur because a written investment policy is not available to provide consistent guidance for the type of accounts and investment instruments to be used for these funds.

Recommendations:

The management of the Juvenile Court Clerk's Office should:

- 1) Implement a written investment policy that identifies the type of bank account or investment instruments needed to consistently maximize interest earnings. The policy should identify investment strategies based on initial award amounts and the potential need for liquidity.
- 2) Forward the uncleared "escrow" account balance to Metro Nashville's General Fund.

C –Retain Revenue Records and Improve Their Completeness

Most of the missing and incomplete documentation pertained to the previous administration and some was likely destroyed in the May 2010 flood.

The results of testing of collection, deposit and recording of fines, fees, commissions and child support were inconclusive because documentation was not available to support transactions conducted during the audit scope. Most of the missing and incomplete documentation pertained to previous administration and some was likely destroyed in the May 2010 flood.

The following information pertaining to collection of fines, fees and commissions was not available for review or was incomplete:

- Records pertaining to receipts were not available for the time period July 1, 2009, to June 30, 2010.
- Records pertaining to deposits and disbursements were not available for the period July 1, 2009, to February 28, 2010.
- Records pertaining to disbursements were incomplete from March 1, 2010, to February 28, 2011 (i.e. Payee and date of issuance of disbursement check were not recorded).

Similarly, the following documentation related to child support collections was missing or incomplete:

- Original, hardcopy receipts from child support transactions.
- Original, hardcopy collection reports generated from Model Clerk, the system hosted by the State of Tennessee and used by the Juvenile Court Clerk's Office to account for and report child support collections to the Department of Human Services, for the period July 1, 2009, to May 19, 2010.
- Deposit records, maintained by the Juvenile Court Clerk's Office in Excel, for the period July 1, 2009, to February 28, 2010.
- Deposit slips for 22 of 36 (61 percent) days, spanning across the entire audit scope, in the random sample

The Metropolitan Nashville Office of Internal Audit noted increased diligence in recordkeeping as of September 2010.

Criteria:

- *General Records Schedule*, Office of the Metropolitan Clerk stipulates that cash books be retained for five years.
- *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 5 Control Activities, Chapter 11 Cash, Section 5.

Risk:

The relevance and reliability of financial reporting is jeopardized when accounting records are incomplete.

Recommendations:

The management of the Juvenile Court Clerk's Office should retain financial accounting records according to the *General Records Schedule* published by the Office of the Metropolitan Clerk. This should include original, hardcopy receipts for all cash receipt transactions being retained and stored with daily accounting records.

D – Cash Handling, Recordkeeping and Authorization Duties Should Be Segregated

Segregation of custodial, recordkeeping and authorization duties were lacking in collection of fines, fees, commissions and child support receipts during the period July 1, 2009, to January 24, 2011.

The following areas of concern were observed in a random sample of 36 business days reviewed for collection of fines, fees, and commissions:

- The same employee that cashiered also prepared the deposit on seven (19 percent) business days.
- The deposit preparer field had been left blank on 15 (42 percent) business days making it impossible to determine who performed cashiering and deposit preparation duties for these days.

Similarly, duties were not separated related to child support collection and disbursements. The following areas of concern were observed in a random sample 36 business days reviewed:

- The same employee that cashiered also prepared the deposit for ten days (28 percent) business days.

- Cashiering or deposit preparation duties could not be determined for 15 business days in the sample since either the cashiers or deposit preparer, or both, were not identified.

Criteria:

Internal Control and Compliance Manual for Tennessee Municipalities, Title 5 Control Activities, Chapter 1 General states:

“Municipal officials should separate duties of employees so that no one person has control over a complete transaction from beginning to end. Work flow should be established so that one employee’s work is automatically verified by another employee working independently. When possible, different persons should be responsible for the authorization, recordkeeping (posting), custodial (cash and materials handling), and review procedures, to prevent manipulation of records and minimize the possibility of collusion.”

Risk:

Without appropriate segregation of custodial, recordkeeping and authorization duties, the risk of unintentional and/or intentional misappropriation of funds increases.

Recommendation:

The management of the Juvenile Court Clerk’s Office should ensure that incompatible revenue collection duties cash handling, deposit preparation, recordkeeping and authorization are segregated.

E – Enhance Mail Receipt Controls

Mail receipt and processing duties were not segregated. Incoming mail was delivered to one designated employee who opened, logged and processed the contents. These duties should be segregated or should be performed with two people present and the mail log should include a list of the money, money orders and checks received in the mail. Once the mail is logged and payments processed by a third party, incoming requests for service should be distributed to staff for processing. The employees responsible for opening and logging receipt of mail should not process the requests for service received therein.

Criteria:

Internal Control and Compliance Manual for Tennessee Municipalities, Title 6: Control Activities, Chapter 14: Revenues/Receivables General Procedures, Section 4 states:

“Municipal officials should ensure that all mail is delivered intact (unopened) to two or more designated employees. The employees should immediately open the mail and prepare a list of all money/checks received in the mail. All checks should be stamped ‘FOR DEPOSIT ONLY.’”

Risk:

- Legal documents may not be entered in Juvenile Information Management System.
- Incoming revenue may be intercepted and diverted.

Recommendations:

The management of the Juvenile Court Clerk's Office should improve the mail opening process whereby all incoming mail is received by at least two designated employees, record in a mail log all payments received, and segregate mail receipt and processing duties.

F – Improve Access Controls for Juvenile Information Management System

When advised that

Juvenile Information

Management System

user accounts for 20

former employees of

Metro Nashville were

still active, the Juvenile

Court Clerk immediately

took action to remove

the users from the

system.

User access privilege to the Juvenile Information Management System did not consistently correspond with business needs as follows:

- Assigned computer security roles for five users did not correspond to the daily business needs of their job function. This included four users with both Accounting Administrator and Application Administrator roles. In the Juvenile Information Management System, assignment of both of these roles to a single user results in privileges akin to System Administrator, the highest level of access.
- Juvenile Information Management System computer accounts were active for 20 users who were no longer employed by the Juvenile Court Clerk's Office. The accounts should have been deactivated when the employees separated from employment with the Office. When advised by the Office of Internal Audit that accounts for separated employees were still active, the Juvenile Court Clerk's Office immediately took action to remove the users from the system.
- Fifteen generic user accounts were found, three of which were granted Administrator level privileges.
- The process of managing roles was not formalized. Roles were created without proper study and documentation of business purpose.

Criteria:

The COSO Integrated Framework - Internal Control establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal control systems. Controls over access to financial data enhance the control activities components of a strong internal control framework.

Risk:

- Inappropriate use of high level privileges, such as those of system, application and accounting administrator, could have a significant, negative impact on data security and integrity. Unrestricted assignment could cause intentional and/or unintentional loss or unauthorized alteration of data.
- Assigning functionalities that do not match the business needs of the users diminishes security control in the system.

Recommendations:

The management of the Juvenile Court Clerk's Office should:

- 1) Study the business needs of all users of the Juvenile Information Management System including users from other departments and revise definitions of user roles accordingly; ensure that only necessary roles are created and that appropriate menus are assigned to each role. Business rules to ensure segregation of duties should be defined during this study so that when multiple roles are assigned to one user there are no conflicts between them.
- 2) Formalize the procedure for provisioning and deprovisioning users to Juvenile Information Management System. Only defined roles should be granted to users and should be based on business need.
- 3) Remove generic user accounts. All users should be assigned appropriate roles. Exceptions should be rare; when generic accounts are necessary, the underlying reason should be justified and documented.

G – Restrict Access to Computerized Accounting Records

Logical access to accounting records was not sufficiently restricted to ensure the integrity of the Excel Accounting system. User permission regulating access to the workbooks that comprise the Excel Accounting system was not secured only to users with a business need. This meant that any user with access to the workbooks could modify the information contained in them.

Permission to modify the data contained in the Excel Accounting system should be restricted based on business purpose.

Criteria:

- Prudent business practice
- The COSO Integrated Framework - Internal Control establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal

control systems. Controls over access to financial data enhance the control activities components of a strong internal control framework.

Risk:

When access to accounting records is not adequately restricted, the risk of intentional and/or unintentional manipulation of records increases. As a result the reliability of financial reporting may be compromised.

Recommendations:

The management of the Juvenile Court Clerk's Office should ensure security privileges to modify the information contained in the Excel Accounting system is restricted based on business purpose. In defining user rights to accounting records, management should first reassess separation of duties and ensure that no conflicts exist.

H – Improve Safekeeping of Signature Stamps, Check Stock and Deposits

The signature stamps used to sign checks, check stock and daily deposits were secured in a locked desk drawer at the time of our inspection. However, the key to the desk drawer was not stored securely; the office in which the desk was located was not locked after business hours or when its occupant was off premises.

Criteria:

- Prudent business practice
- Internal Control and Compliance Manual for Tennessee Municipalities, Title 5: Control Activities, Chapter 11: Cash, Section 3 states:

"Municipal officials should ensure that all cash maintained on hand and collections not yet deposited are kept in a secure location."

- The COSO Integrated Framework - Internal Control establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal control systems. Authorizations and approval procedures and controls over access to resources enhance the control activities components of a strong internal control framework.

Risk:

Without adequate controls, the risk of intentional and / or unintentional misappropriation of cash increases.

Recommendations:

The management of the Juvenile Court Clerk's Office should ensure signature stamps, check stock, and deposits are safeguarded at all times.

I – Timely Journal Entries to Record Fines, Fees and Commissions

Journal entries to record receipt of fines, fees and commissions were not timely. For three of six months sampled, sufficient documentation did not exist to determine whether the journal entries recorded in Metro Nashville's accounting system, EnterpriseOne One, were accurate or made timely. For the remaining three months in the sample, the journal entries recorded in were made anywhere from one to six months after the actual transaction date.

Criteria:

- Metro Nashville's Finance Department, Policy # 9, Cash Deposits states:

"Cash will be deposited into the depository bank within 1 business day of receiving the payment at the point of collection, whether it is a department, agency or other entity in Metro. Cash deposits will be entered into the general ledger within 2 business days of making the deposit to the bank"

- *Tennessee Internal Control and Compliance Manual for Municipalities*, Title 4, Chapter 2 states:

"The accounting records maintained by the municipality should be consistent with the financial reporting of the municipality."

Risk:

The relevance and reliability of financial reporting is jeopardized when journal entries are not recorded timely.

Recommendations:

The management of the Juvenile Court Clerk's Office should ensure journal entries to record receipt of fines, fees and commissions are made within two business days of receipt or as stipulated by special arrangement with Metro Nashville's Division of Accounts.

J – Compile a Comprehensive Fiscal Policies and Procedures Manual

Fiscal policies and procedures were not compiled into a comprehensive manual that reflected current business practice. Written policies, instructions and procedures existed for many of the Bookkeeping Division functions but they were not complete or compiled into a comprehensive manual.

The Juvenile Court Clerk's Office was in the process of transitioning from an Excel based accounting system to newly developed modules of Justice Integration Management System. As accounting modules went live, user instruction had been created and employees trained to use them. The Office of Internal Audit applauds this effort. However, the procedures should be compiled in a comprehensive manual that can be easily referenced. The manual should be updated periodically to reflect any changes to current practice.

Additionally, no policies or procedures existed for the role of Finance Officer. This is an essential function and without policies and in place to document the activities required of the Finance Officer, procedures cannot be considered complete.

Criteria:

Internal Control and Compliance Manual for Tennessee Municipalities, Title 2: Control Environment, Chapter 1: Setting the Tone at the Top states:

"The control environment involves much more than just setting policies, it involves communicating and enforcing those policies. Though not comprehensive, at a minimum, municipal officials should develop a policies and procedures manual that incorporates or references all the policies and procedures required in this Internal Control and Compliance manual plus any additional policies and procedures that are specific to the municipality. The manual should include the assignment of authority and responsibility."

Risk:

The control environment is jeopardized when fiscal policies and procedures are not fully documented. Additionally, without procedural guidance, in the event of employee turnover, job functions may have to be relearned.

Recommendations:

The management of the Juvenile Court Clerk's Office should:

- 1) Compile existing and newly developed fiscal policies and procedures into a formal manual.
- 2) Develop policies and procedures for the Finance Officer role.

K – Align Payroll and Timekeeping Practices with Established Policies

Actual payroll and timekeeping practices were not aligned with those stipulated by the Employee Manual of the Juvenile Court Clerk's Office. At the time of audit, discrepancies between actual practice and management established policies, as reflected in the Employee Manual, existed.

The Employee Manual stated that the maximum amount of vacation that an employee could accrue was 20 days per year when in actuality one employee earned 25 days per year of annual leave. Additionally, employees were able to earn and use flex time, however the Employee Manual did not address the issue. Similarly, employees were able to earn and use personal time when such leave was not addressed in the Employee Manual.

The Juvenile Court Clerk should be commended for maintaining an Employee Manual. However, it should be updated to reflect and address current practice.

Criteria:

- Employee Manual of the Juvenile Court Clerk's Office
- Prudent business practice

Risk:

Deviating from stated timekeeping, attendance and payroll policies compromises their purpose and enforceability. Additionally, the perception of equity in application of policies and procedures may be compromised.

Recommendations:

The management of the Juvenile Court Clerk's Office should:

- 1) Align actual payroll and timekeeping practices with established policy.
- 2) The maximum amount of vacation leave that employees may accrue should be standardized and outlined accurately in the Employee Manual.

L – Ensure that Leave Balances are Tracked Accurately

Attendance and leave balances for employees of the Juvenile Court Clerk's Office were not tracked accurately. As of December 31, 2011, the official record of vacation and sick time, maintained by the Juvenile Court Clerk's Office, was not accurate for all three employees reviewed. In aggregate for the three employees, per the Vacation and Sick Time Reports maintained by the department, accrued vacation leave was over-reported by 30 hours and accrued sick leave was underreported by five hours.

Additionally, a single employee is responsible for tracking leave balances for the Juvenile Court Clerk's Office including their own. Employees are not required to certify on an annual basis the accuracy of leave balances reflected in the official record maintained by the Juvenile Court Clerk's Office.

Criteria:

- Employee Manual of the Juvenile Court Clerk's Office
- Prudent business practice

Risk:

Deviating from stated timekeeping, attendance and payroll policies compromises their purpose and enforceability. Additionally, the perception of equity in application of policies and procedures may be compromised.

Recommendations:

The management of the Juvenile Court Clerk's Office should:

- 1) Ensure that leave balances are tracked accurately, according to the policies outlined in the Employee Manual.
- 2) Leave tracking duties should be appropriately segregated. No one should be responsible for maintaining the official record of their own leave. Two employees should be assigned the responsibility; one should perform the duty of tracking leave for the employee responsible for maintaining the official leave records for the rest of the office.
- 3) Employees review and certify on an annual basis the accuracy of leave balances maintained in the official record for the Juvenile Court Clerk's Office. Any discrepancies should be resolved at that time and the record signed and dated by the employee upon agreement of the accrued hours.

GENERAL AUDIT INFORMATION

Statement of Compliance with GAGAS

We conducted this performance audit from December 2011 to June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Scope and Methodology

The audit period focused primarily on the period July 1, 2009, through December 31, 2011, financial balances, transactions, and performance on the processes in place during the time of the audit. Data outside but close to the scope was also used to provide insight.

Scope limitations were encountered due to missing or incomplete data; information related to fines, fees and commissions was missing for the time period July 1, 2009, to May 11, 2010. Child support data was missing for the period July 1, 2009, to May 19, 2010. Presumably both were lost in the flood. Information related to attendance and timekeeping was missing for the period July 1, 2009 to September 18, 2010.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information, various forms of data, reports and information pertaining to the Juvenile Court Clerk's Office and Davidson County Juvenile Court. Additionally, management, administrative and operational personnel were interviewed and directly observed.

Criteria

In conducting this audit, the performance of the Juvenile Court Clerk's Office was evaluated for compliance with:

- *Internal Control and Compliance Manual for Tennessee Municipalities*
- The Committee of Sponsoring Organizations Internal Control-Integrated Framework
- Metro Nashville's Division of Finance, Policy # 9, Cash Deposits
- *Prudent Practice for Investment Stewards: Defining an Global Fiduciary Standard of Excellence for Investment Stewards*
- *General Records Schedule*, Office of the Metropolitan Clerk
- ISO 27002, Chapter 11, Sections 1 and 2
- Tennessee Code Annotated

- Employee Manual of the Juvenile Court Clerk's Office
- Prudent Business Practices

***Audit Project
Staff***

Roxanne Caruso, CIA – In Charge Auditor

Qian Yuan, CISA – Auditor

Carlos L. Holt, CPA, CIA, CFE, CFF, CGAP – Quality Assurance

APPENDIX A - Results of the Effectiveness of the Juvenile Court Clerk's Office Survey

Methodology:		
Population	Unknown	
Randomly sample size	200	
Measuring scale	5	1 strongly disagree 5 strongly agree
Summary:		
Total Responses	146	
Response rate	73 Percent	
Role of Respondent	Number of Responses	Percent of Total Responses
Judicial Officer	4	2.7%
Attorney	26	17.8%
Juvenile	2	1.4%
Family Member	19	13.0%
Other	49	33.6%
No response	46	31.5%
Total	146	100.0%
<p>Conclusion: Responses heavily distributed to scale 5 indicated that most stakeholders of the Juvenile Court Clerk's Office were satisfied with the effectiveness of service.</p>		

Consolidated Distribution of Responses

Service Dimension	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Not Applicable	No response
Service at the Office of Juvenile Court Clerk was prompt.	12	5	6	7	115	1	0
Service at the Juvenile Court Clerk's Office was courteous.	15	2	3	13	112	1	0
Juvenile Court Clerk staff paid attention to my needs.	14	2	4	10	114	2	0
Overall, service at the Juvenile Court Clerk's Office was effective.	16	3	4	9	113	1	0
Total	57	12	17	39	454	5	0

APPENDIX B - Management Response

- Management's Response Starts on Next Page -

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



DAVID A. SMITH
JUVENILE COURT CLERK

JUVENILE JUSTICE CENTER
100 WOODLAND STREET
NASHVILLE, TENNESSEE 37213
(615) 862-7980

August 2, 2012

Mr. Mark Swann

Metropolitan Auditor

Office of Internal Audit

222 3rd Avenue North, Suite 401

Nashville, TN 37201

Dear Mr. Swann,

This letter is to acknowledge receipt of the audit of the Juvenile Court Clerk's office. Our department has reviewed the observations from the audit, and have implemented all recommendations with the exception of three items. The remaining issues will be rectified by September 30, 2012.

I would be remiss if I did not mention the high level of professionalism and courtesy that was extended by your staff, namely Roxanne Caruso, Qian Yuan, and Carlos Holt. From my observation this is the first full audit of the agency's fiscal and program operations that has been conducted in several years. We will use these recommendations and observations as a guide in our operations of the Clerk's office.

We have prepared answers to the matrix on all findings and recommendations which are attached with this letter. Let us know if you have any other questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Smith".

David A. Smith, Juvenile Court Clerk

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>A. The management of the Juvenile Court Clerk's Office should ensure that:</p> <p>1. Disbursement checks are issued sequentially. If gaps in sequence occur, the reason and management approval for the aberration should be fully documented in the disbursements journal.</p>	<p>Accept. Effective August 2011, checks for each account have been checked out in sequential order and signed for by the bookkeeping clerk responsible for the disbursements. By Sept. 30, 2012, disbursements will be issued directly out of JIMS. If a check number is passed due to a check error (ex: a check printing incorrectly), there is a comments field to better document circumstances and authorization to reprint the check. Only administrative users have the authority to dishonor a disbursement once created.</p>	Finance Officer	9-30-2012
<p>2. Incompatible revenue collection duties such as cash handling, deposit preparation, recordkeeping and authorization are segregated.</p>	<p>Accept. Effective March 2011 two records clerks were trained on deposit preparation, and anyone functioning as a bookkeeping clerk was prohibited from participating in the deposit preparation. Effective June 2012, a records clerk and a bookkeeping clerk were rotated and cross-trained to provide an additional backup for cash handling when necessary.</p>	Finance Officer	6-1-2012
<p>3. Unusual transactions are authorized by management prior to execution. Evidence of management approval and justification for the transaction should be documented and retained with accounting records.</p>	<p>Accept. Effective February 2012, any unusual transactions authorized by the Finance Officer or a member of the Administrative Team must be electronically documented before being executed. Documentation is kept with the daily accounting records for the transaction.</p>	Finance Officer	2-2012
<p>B. The management of the Juvenile Court Clerk's Office should:</p> <p>1. Implement a written investment policy that identifies the type of bank account or investment instruments needed to consistently maximize interest earnings. The policy should identify investment strategies based on initial award amounts and the potential need for liquidity.</p>	<p>Accept. Our office was utilizing an informal investment policy that was effective 12/2010. It should be noted that this is the same policy that was reduced to writing.</p>	Finance Officer	4-30-2012
<p>2. Forward the uncleared "escrow" account balance to Metro Nashville's General Fund.</p>	<p>Accept. Our office has recently uncovered substantial documentation relating to the intended recipients of the funds that were placed in this account by the previous administrations. According to the documentation to be confirmed, it is possible</p>	Finance Officer	9-30-12

**Juvenile Court Clerk's Office
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
	that we could clear the entire balance. Upon a thorough review of this documentation, any uncleared balance will be forwarded to the General Fund		
<p>C. The management of the Juvenile Court Clerk's Office should retain financial accounting records according to the <i>General Records Schedule</i> published by the Office of the Metropolitan Clerk. This should include original, hardcopy receipts for all cash receipt transactions being retained and stored with daily accounting records.</p>	<p>Accept. Effective 7/1/2012 hardcopy receipts for all child support transactions previously maintained electronically are retained and stored with daily accounting records.</p>	Finance Officer	7-1-2012
<p>D. The management of the Juvenile Court Clerk's Office should ensure that incompatible revenue collection duties cash handling, deposit preparation, recordkeeping and authorization are segregated.</p>	<p>Accept. Effective March 2011, deposit preparation became a duty of the records department. Two staff members of the records department underwent several weeks of training and alternate on deposit preparation. All other duties have been reviewed and any alterations necessary have been made.</p>	Finance Officer	3-2011
<p>E. The management of the Juvenile Court Clerk's Office should improve the mail opening process whereby all incoming mail is received by at least two designated employees, record in a mail log all payments received, and segregate mail receipt and processing duties.</p>	<p>Accept. Effective July 2012, two employees receive and log mail before it is given to bookkeeping for receipting.</p>	Records Supervisor	7-1-12
<p>F. The management of the Juvenile Court Clerk's Office should:</p> <ol style="list-style-type: none"> 1. Study the business needs of all users of the Juvenile Information Management System including users from other departments and revise definitions of user roles accordingly; ensure that only necessary roles are created and that appropriate menus are assigned to each role. Business rules to ensure segregation of duties should be defined during this study so that when multiple roles are assigned to one user there are no conflicts between them. 	<p>Accept. Effective June 1, 2012 all users have been assigned specific user ids.</p>	Records Supervisor	6-1-2012
<ol style="list-style-type: none"> 2. Formalize the procedure for provisioning and deprovisioning users to Juvenile Information Management System. Only defined roles should be granted to users and should be based on business 	<p>Accept. Effective June 1, 2012 all user roles were reviewed to define business needs and any necessary changes were made.</p>	Records Supervisor	6-1-2012

**Juvenile Court Clerk's Office
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
need.			
3. Remove generic user accounts. All users should be assigned appropriate roles. Exceptions should be rare; when generic accounts are necessary, the underlying reason should be justified and documented.	Accept. Effective June 1, 2012 all users have been assigned specific user ids. The only exception is a generic id for system communication purposes.	Records Supervisor	6-1-2012
G. The management of the Juvenile Court Clerk's Office should ensure security privileges to modify the information contained in the Excel Accounting system is restricted based on business purpose. In defining user rights to accounting records, management should first reassess separation of duties and ensure that no conflicts exist.	Accept. Effective March 2011, all current copies of Excel Accounting records are kept on one non-shared computer hard drive, and one non-shared thumb drive that remained in possession of the Finance Officer at all times. Effective August 2012, all Excel Accounting records on both the thumb drive and the hard drive were password protected. Upon completion of our JIMS Accounting implementation, administration will have view access to the account activities to ensure proper review.	Finance Officer	3-2011
H. The management of the Juvenile Court Clerk's Office should ensure signature stamps, check stock, and deposits are safeguarded at all times.	Accept. Effective June 2012 check stock, signature stamps, and deposits are kept in a safe that is bolted to the floor of the Finance Officer's office, which is also kept locked at night. The only keys remain with the Finance Officer and the Office Manager.	Finance Officer	6-1-2012
I. The management of the Juvenile Court Clerk's Office should ensure journal entries to record receipt of fines, fees and commissions are made within two business days of receipt or as stipulated by special arrangement with Metro Nashville's Division of Accounts.	Accept. Per special arrangement with the Director of Finance, our office will deposit and record receipt of revenue monthly into EnterpriseOne.	Finance Officer / Juvenile Court Clerk	8-1-2012
J. The management of the Juvenile Court Clerk's Office should: 1. Compile existing and newly developed fiscal policies and procedures into a formal manual.	Accept. By Sept. 30, 2012, all currently existing and newly developed fiscal policies and procedures will be compiled into a formal manual.	Finance Officer	9-30-2012
2. Develop policies and procedures for the Finance Officer role.	Accept. By Sept. 30, 2012, all currently existing and newly developed fiscal policies and procedures will be compiled into a formal manual.	Finance Officer	9-30-2012
K. The management of the Juvenile Court Clerk's Office	Accept. Implemented April 24, 2012 in the	Office Manager	4-24-2012

**Juvenile Court Clerk's Office
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>should:</p> <p>1. Align actual payroll and timekeeping practices with established policy.</p>	<p>employee Manual of the Juvenile Court Clerk's Office</p>		
<p>2. The maximum amount of vacation leave that employees may accrue should be standardized and outlined accurately in the Employee Manual.</p>	<p>Accept. Implemented April 24, 2012 in the employee Manual of the Juvenile Court Clerk's Office</p>	<p>Office Manager</p>	<p>4-24-2012</p>
<p>L. The management of the Juvenile Court Clerk's Office should:</p> <p>1. Ensure that leave balances are tracked accurately, according to the policies outlined in the Employee Manual.</p>	<p>Accept. Implemented April 24, 2012 in the employee Manual of the Juvenile Court Clerk's Office</p>	<p>Office Manager</p>	<p>4-24-2012</p>
<p>2. Leave tracking duties should be appropriately segregated. No one should be responsible for maintaining the official record of their own leave. Two employees should be assigned the responsibility; one should perform the duty of tracking leave for the employee responsible for maintaining the official leave records for the rest of the office.</p>	<p>Accept. One employee is responsible for recording leave and sick time and the office manager records the timekeeper's leave and sick time. Implemented May 1, 2012.</p>	<p>Office Manager</p>	<p>5-1-2012</p>
<p>3. Employees review and certify on an annual basis the accuracy of leave balances maintained in the official record for the Juvenile Court Clerk's Office. Any discrepancies should be resolved at that time and the record signed and dated by the employee upon agreement of the accrued hours.</p>	<p>Accept. Already implemented.</p>	<p>Office Manager</p>	<p>9-1-2012</p>