



**A Report to the
Audit Committee**

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**Audit Recommendations Follow-up –
Audit of the Juvenile Court Clerk
Collections and Victims’ Trust
Account Management
(Initial Report Issued March 17, 2021)**

April 7, 2023

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

April 7, 2023



Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of September 1, 2022.

What We Recommend

The Juvenile Court Clerk should continue implementing the four open audit recommendations.

Audit Recommendations Follow-Up - Audit of the Juvenile Court Clerk Collections and Victims' Trust Account Management

BACKGROUND

On March 17, 2021, the Metropolitan Nashville Office of Internal Audit issued an audit report on the Juvenile Court Clerk Collections and Victims' Trust Account Management. The audit scope for this engagement covered period between July 1, 2018, and March 31, 2020. The audit report included eight recommendations. All recommendations were accepted by management. The Office of Internal Audit guidelines require monitoring and follow-up to ensure that the recommendations assessed as high or medium risk are appropriately considered, effectively implemented, and yield intended results.

OBJECTIVES AND SCOPE

The objectives of this follow-up audit were to determine if the recommended actions or an acceptable alternative were implemented.

The scope of the follow-up audit included all eight accepted audit recommendations that management reported as implemented.

WHAT WE FOUND

Out of the eight recommendations, the Juvenile Court Clerk has fully implemented four recommendations, partially implemented three recommendations, and not implemented one recommendation. Details of the implementation status can be seen in **Appendix A**.

AUDIT FOLLOW-UP RESULTS

The initial audit report encompassed the processes, procedures, and controls regarding Juvenile Court Clerk collections and victims' trust account management from July 1, 2018, to March 31, 2020. The audit report included eight recommendations, all of which were accepted by management for implementation.

The Office of Internal Audit will close a recommendation only for one of the following reasons:

- The recommendation was effectively implemented.
- An alternative action was taken that achieved the intended results.
- Circumstances have so changed that the recommendation is no longer valid.
- The recommendation was not implemented despite the use of all feasible strategies or due to lack of resources. When a recommendation is closed for these reasons, a judgment is made on whether the objectives are significant enough to be pursued later in another assignment.

The scope of the follow-up audit included all eight accepted recommendations that management was to implement. Of the eight accepted recommendations, four recommendations were fully implemented, three recommendations were partially implemented, and one recommendation was not implemented. Details of the implementation status and updated implementation dates, if applicable, can be seen in **Appendix A**.

METHODOLOGY

To achieve the audit objectives, auditors performed the following steps:

- Reviewed the documentation provided by management as evidence of completion.
- Sample selected terminated employees and bank deposits for review.
- Interviewed key employees.

We conducted this performance audit 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 findings 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.

AUDIT TEAM

Nan Wen, CPA, In-Charge Auditor

Lauren Riley, CPA, CIA, CFE, ACDA, CMFO, Metropolitan Auditor

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The following table shows the guidelines followed to determine the status of implementation.

Table 1

Recommendation Implementation Status	
Implemented / Closed	The department or agency provided sufficient and appropriate evidence to support the implementation of all elements of the recommendation and the recommendation’s implementation caused or significantly influenced the benefits achieved.
Partially Implemented / Open	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
Not Implemented or No Longer Implemented	The department or agency did not implement a recommendation because: a) of lack of resources; b) an alternative action was taken that achieved the intended results; c) circumstances have so changed that the recommendation is no longer valid.

The following are the audit recommendations for the Juvenile Court Clerk made in our original audit report dated March 17, 2021, and the current implementation status of each recommendation based on our review of information and documents provided by the Juvenile Court Clerk.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p>A.1 – Conduct a formal evaluation of the access rights needed to perform each job role. Ensure the Juvenile Information Management System access privileges properly correspond to each job’s responsibility and are properly segregated. Conduct this evaluation periodically.</p> <p>Assessed Risk Level: High</p>	The Juvenile Court Clerk performed an annual review of system access rights in April 2021 and April 2022. However, no formal documentation existed to verify the review occurred.	The next evaluation of the access rights is scheduled for April 2023 and should be documented.	Partially Implemented
<p>A.2 – Maintain an active listing of all employees, their access privileges within the Juvenile Information Management System, and their specific job responsibilities.</p> <p>Assessed Risk Level: High</p>	The Juvenile Court Clerk reviewed the list of user access rights in April 2021 and April 2022. However, no formal documentation existed to verify the review occurred.	The next formal evaluation of user access rights is scheduled for April 2023 and should be documented.	Partially Implemented
<p>A.3 – Ensure that access to the Juvenile Information Management System is terminated timely when an employee leaves the Juvenile Court Clerk’s Office.</p>	The Juvenile Court Clerk added a step to the office manager’s list of responsibilities to confirm when an employee is terminated or transfers. However, documentation	A sample of two terminated employees during the audit period was selected, and termination documentation was reviewed. For the two employees selected, termination documentation	Partially Implemented

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

<p>Assessed Risk Level: High</p>	<p>of the termination was not complete.</p>	<p>was unavailable and system access termination dates could not be determined. The Juvenile Court Clerk should maintain documentation showing termination of system access for employees.</p>	
<p>B.1 – Ensure a person independent of access to collections reconcile the shift reports, daily total reports, and actual daily bank deposits.</p> <p>Assessed Risk Level: Medium</p>	<p>The Juvenile Court Clerk implemented a third-party review for all bank deposits. A sample of 10 daily deposit balance sheets were reviewed for third party sign off. All 10 deposit balance sheets were properly reviewed and signed off.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>
<p>B.2 – Ensure proper transfer of assets controls are in place. Specifically, collections should be counted by two parties, documented, and signed anytime a transfer takes place.</p> <p>Assessed Risk Level: Medium</p>	<p>The Juvenile Court Clerk implemented two-party counting of collections and a sign off for asset transfer. A sample of 10 daily deposit balance sheets were reviewed for asset transfer. All 10 deposit balance sheets were properly counted and signed off.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>
<p>B.3 – Ensure reconciliations between the Oracle R-12 system and the Juvenile Information Management System are being routinely conducted.</p> <p>Assessed Risk Level: Medium</p>	<p>The Juvenile Court Clerk conducts monthly reconciliations between the Oracle R-12 system and the Juvenile Information Management System. A sample of two monthly reimbursement invoice reports were reviewed for reconciliation. Both reports were reconciled and matched.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>
<p>B.4 – Management should run a periodic report of exceptions, such as voided transactions, to ensure that transactions are necessary and authorized.</p> <p>Assessed Risk Level: Medium</p>	<p>The Juvenile Court Clerk performs an annual check for voided transactions. The Juvenile Court Clerk’s office reviewed the voided checks in March 2022 and noted upgrades necessary for the check mail log. A series of emails from the Juvenile Court Clerk’s</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

	office were reviewed to confirm review.		
<p>C.1 – An employee independent of the duties over the Victims’ Compensation Trust Accounts should reconcile the accounts which should have been established, maintained, or closed to the actual accounts established, maintained, or closed.</p> <p>Assessed Risk Level: Medium</p>	<p>The Juvenile Court Clerk continued to reconcile the opening and closing of each of these accounts. However, the implementation of random monthly checks of exiting open accounts has not been implemented.</p>	<p>The Juvenile Court Clerk needs to ensure an independent employee reconciles accounts. The estimated implementation date will be the first five days of each month.</p>	<p>Not Implemented</p>