



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

FINAL REPORT

Public Report

**Audit of the Office of the Criminal Court
Clerk**

Date Issued: December 20, 2011

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

EXECUTIVE SUMMARY
December 20, 2011

Results in Brief	Recommendations
<p>We performed an audit of the processes and controls in place at the Office of the Criminal Court Clerk. Key audit objectives and conclusions are as follows:</p> <p><u>Fiscal Resources</u></p> <ul style="list-style-type: none"> • Was reported revenue complete, accurate and recorded timely? <p>Generally yes. However, controls over user access to Criminal Justice Information System and enhancements to monitoring of data revisions would further guard the accuracy and completeness of revenue records.</p> • Were controls in place to ensure that expenditures were made for legitimate purposes and were in compliance with Metro Nashville’s Procurement Code? <p>Generally no. Although all purchases were made for legitimate business purposes, improvements were needed to strengthen controls over expenditures and ensure compliance with Metro’s Nashville’s Procurement Code.</p> • Were the department’s fixed assets properly accounted for and adequately safeguarded? <p>Yes. The Office of Internal Audit verified the safeguarding and existence of fixed assets through physical inspection. All assets were located and records in EnterpriseOne were complete and accurate.</p> 	<p>Key recommendations of this report include:</p> <p><u>Fiscal Resources</u></p> <p>Management of the Office of the Criminal Court Clerk should:</p> <ul style="list-style-type: none"> • Redesign user access roles in Criminal Justice Information Systems to ensure that functionalities are assigned based on business requirements. • Initiate a study of sensitive activities in Criminal Justice Information Systems that should be monitored. Convey the results of the study to Justice Integration Services so that a database audit policy can be implemented and periodic reports generated for management review. • Ensure a current Letter of Delegated Purchasing Authority remains on file with Metro Nashville’s Procurement Division. • Abide by the dollar limit thresholds for delegated purchasing authority outline in Metro Nashville’s Procurement Code. • Segregate purchasing and approval functions. <p>Management’s response can be seen in Appendix A, page 31.</p>

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INTRODUCTION

AUDIT INITIATION

In response to a series of media reports that alleged the Criminal Court Clerk was engaging in questionable work habits, a councilman who sits on the Audit Committee requested that the Office of Internal Audit perform an audit of the Office of the Criminal Court Clerk. The addition of the audit to the annual Audit Work Plan was approved by the Audit Committee on May 10, 2011 and work commenced on June 2, 2011.

BACKGROUND

The selection and general functions of the Criminal Court Clerk are outlined in Title 18, Clerks of Court, Chapter 1, General Provisions, Part 1, Qualifications and Conduct of Office, Section 101 of Tennessee Code Annotated. It states “Each of the courts has a clerk; elected or appointed for a term of years, whose duty it is to attend the court and perform all the clerical functions of the court.”

Following is the mission of the Criminal Court Clerk, as stated in the Metropolitan Nashville and Davidson County, fiscal year 2011 Operating Budget:

The Criminal Court Clerk of Nashville, Davidson County, Tennessee is responsible [for performing] the clerical duties for the operations of the criminal courts, both General Sessions and State Trial Court. The Clerk is responsible for record management, both hard copy and electronic, and prepares the minutes (official record) for the Criminal Trial Court.

Upon conclusion of cases, the Clerk calculates court costs and begins the collections of them, as required by statute. The Clerk prepares all cases under appeal for the Court of Criminal Appeals.¹

The Criminal Court Clerk is an elected official. Elections occur every four years. David Torrence was serving his fifth term as Criminal Court Clerk prior to stepping down on July 15, 2011.

Howard Gentry was sworn in as Criminal Court Clerk on August 29, 2011.

¹ Page D-27, *Criminal Court Clerk – At a Glance*

FINANCIAL HIGHLIGHTS

The Office of the Criminal Court Clerk collects litigation taxes, court costs and fines, the assessment of which is based on case disposition. Once the total fee is determined, the defendant is notified in writing; a postcard that states the amount due is sent to the defendant via United States Postal Service. Payment is accepted by cash, check, money order and credit card.

Per state statute, for the services of receiving and remitting taxes, fines, forfeitures, fees and amercements the Criminal Court Clerk is entitled to a five percent (5%) commission; the commission is forwarded to Metro Nashville's General Fund at month's end.

Of the general filing fees charged by the Court Clerk, two dollars (\$2.00) of the amount collected is earmarked for computer hardware purchases or replacement but may be used for other usual and necessary computer related expenses at the discretion of the clerk. This amount is preserved for such purposes and is not reverted to Metro Nashville's General Fund.

The State of Tennessee reimburses local jurisdictions for felony matters tried in the courts. The Office of the Criminal Court Clerk bills the state monthly for reimbursable felony matters.

The majority of the expenditures made by the Office of the Criminal Court Clerk are for Personal Services. Other Services includes expenditures for items like communications, rental equipment, facilities maintenance and security and office supplies. Internal service fees are costs incurred by the Office of the Criminal Court Clerk to pay for services provided by other departments within Metro Nashville, such as information technology services, postal and telecommunication services.

Exhibit A – Budget versus Actual Revenue & Expenditures for Fiscal Years 2009, 2010 and 2011

	Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues & Transfers						
Revenues & Transfers	\$6,220,100	\$7,607,310	\$5,089,700	\$6,607,315	\$5,070,900	\$5,892,249
Expenditures						
Personal Services	5,180,500	4,926,841	4,820,700	4,647,273	4,893,800	4,849,249
Other Services	521,500	536,243	656,400	652,360	542,900	460,380
Internal Service Fees	114,400	138,778	110,400	117,209	106,400	133,609
Total Expenditures	\$5,816,400	\$5,601,862	\$5,587,500	\$5,416,842	\$5,543,100	\$5,443,238

Source: Metro Nashville's EnterpriseOne Financial System

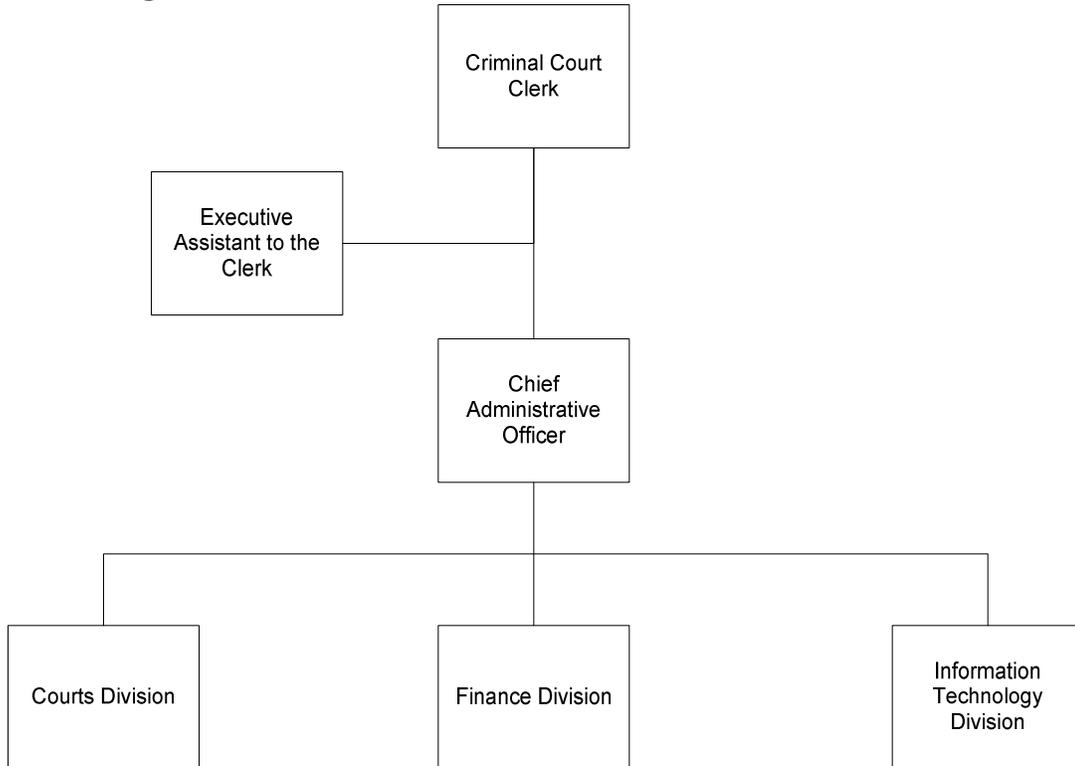
Exhibit B - Top 5 Vendors/Contractors of the Office of the Criminal Court Clerk

Vendor	Amount Paid July 1, 2009 to June 30, 2011	Purpose
1. Ikon Office Solutions, Inc.	\$121,118	Equipment Rental
2. Tensco Corporation	62,632	Shelving
3. Quick Print / Woodlands	38,738	Printing & Binding
4. The Mary Parrish Center	38,079	Victims Assistance
5. Sexual Assault Center	36,169	Victims Assistance

Source: Metro Nashville's EnterpriseOne Financial System

ORGANIZATIONAL STRUCTURE

Exhibit E – Organizational Structure of the Office of the Criminal Court Clerk



OFFICE OF THE CRIMINAL COURT CLERK FUNCTIONS

Courts Division: The Courts Division is divided into three functional areas: the Warrant and Bond Office, General Sessions Court and Criminal Court.

In Davidson County, all criminal prosecution, except that related to State misdemeanor citations, begins at the Warrant and Bond Office. The Warrant and Bond Office is located at the Criminal Justice Center. The staff of the Office of the Criminal Court Clerk schedules initial court dates for all

defendants arrested. Every defendant is assigned to a jail docket. If the defendant subsequently posts bond, the staff at the Warrant and Bond Office reassign the defendant a date on the bond docket.

The Warrant and Bond Office serves as the hub of the Office of the Criminal Court Clerk since it is a point of entry for most cases. It operates 24 hours a day, seven days a week.

The General Sessions Court section of the Courts Division is comprised of 22 clerks. Eleven clerks are assigned specifically to a General Sessions Court Judge. The remainder cover the state traffic and citation dockets, assist walk-in customers at the service window and file and retrieve case folders.

The Criminal Court section of the Courts Division is responsible for in-court and minute clerk duties assisting customers at the Criminal Court service counter, case, expungement and appeals processing and bond company reporting.

Finance Division: The Finance Division includes both Accounting and Customer Information functions.

The Accounting section figures and records all fines, fees and costs related to cases processed by the Office of the Criminal Court Clerk and manages the bank accounts belonging to the Office of the Criminal Court Clerk.

Payment is receipted via three cashier workstations located in the office. Three cashiers work in the Finance Division. A separate employee received payments received by mail.

The Customer Information section, in general, provides services to customers of the Office. This includes handling customer requests for information and receiving incoming calls.

The Finance Division deals with the financial aspects of the bond process including receipt and maintenance of bonding collateral.

Information Technology Division:

The Information Technology Division provides technical support, hardware and software related, specific to the Office of the Criminal Court Clerk. The Information Technology Division interfaces with Justice Integration Services and Metro Nashville's Information Technology Services.

OBJECTIVES AND CONCLUSIONS

Fiscal Resources

1. ***Were the department's fixed assets properly accounted for and adequately safeguarded?***

Yes. The Office of Internal Audit performed a visual inspection of all fixed assets attributed to the Office of the Criminal Court Clerk per EnterpriseOne. The serial number, description and physical location recorded in EnterpriseOne for each asset matched the actual item.

Disposition dates of fixed assets no longer in use by the department were noted in EnterpriseOne.

2. ***Were the department's tracked assets properly accounted for and adequately safeguarded?***

Yes. The Office of the Criminal Court Clerk maintains an internal inventory of computer equipment assigned to the department. Although separate lists are kept by Metro Nashville's Information Technology Services and Justice Integration Services, the internal maintained inventory is considered to be the master list.

The Office of Internal Audit performed 100% verification of all tracked assets in the department. Each was physically observed and traced back to the internal inventory list maintained by the Information Technology Division of the Office of the Criminal Court Clerk. Additionally, we checked the service tag numbers affixed to the actual equipment to ensure that it matched the department's records. In total, the Office of Internal Audit inspected 136 tracked assets.

Only minor discrepancies were noted. In seven instances, digits within the service tag number had been transposed when recorded on the inventory list, so the records maintained by the Office of the Criminal Court Clerk did not match the actual service tag numbers. Additionally, four computers in use at the department were not resident on the internal inventory list. Staff of the Information Technology Division corrected both issues as soon as the discrepancies were observed.

3. ***Was the Office of the Criminal Court Clerk following payroll and timekeeping policies and procedures as management intended?***

Generally yes. The Office of the Criminal Court Clerk is not subject to Civil Service Rules and had minimal written payroll and timekeeping policies and procedures.

The Office of Internal Audit reviewed 158 payroll transactions. We found four instances where supervisory approval for overtime / compensatory time worked was not officially documented (See Observation F).

Prior to the audit, the same employee responsible for entering payroll into Enterprise One for the Office of the Criminal Court Clerk also authorized the payroll prior to submittal to Metro Nashville's Payroll central payroll department. When advised that payroll entry and approval functions should be segregated, management of the Office of the Criminal Court Clerk summarily addressed the issue. Payroll is now authorized and signed by management prior to submittal (See Observation F).

In addition to reviewing payroll, the Office of Internal Audit reviewed timekeeping by the Office of the Criminal Court Clerk. No material weaknesses were noted; sick leave and vacation balances were calculated and carried forward from year to year accurately and were verified on an annual basis by employees.

Through interviews with management, the Office of Internal Audit learned that position vacancies within the Office of the Criminal Court Clerk have not been widely advertised (See Observation G).

4. *Were controls in place to ensure that expenditures were made for legitimate purposes and were in compliance with Metro Nashville's Procurement Code?*

Generally no. Prior to September 2011, the Office of the Criminal Court Clerk did not have a Letter of Delegated Purchasing Authority on file with Metro Nashville's Procurement Division. A day after Howard Gentry was sworn in as Criminal Court Clerk, the Office filed a Letter of Delegated Purchasing Authority with Metro Nashville's Procurement Division (See Observation H).

The Office of Internal Audit tested 39 general expenditures and 39 expenditures made with Metro Nashville credit cards. Although the expenditures in our sample all were made for legitimate purposes, these findings suggest that adequate controls were not in place to ensure that expenditures were made in compliance with Metro Nashville's Procurement Code (See Observations H and I).

The Office of the Criminal Court Clerk acts as a pass-through agency for funds collected on behalf of the State of Tennessee and the Victims Assistance Assessment Program. As a part of our examination of expenditures, the Office of Internal Audit reconciled collections for both with the actual disbursements made to the State of Tennessee and the Victims Assistance Assessment Program. We determined that the two did not readily agree (See Observation L).

5. *Was reported revenue complete, accurate and recorded timely?*

Generally yes. The Office of Internal Audit reconciled revenue data from the Criminal Justice Information System to the Excel based accounting information system maintained by the Office of the Criminal Court Clerk and to bank statements.

In our review of the completeness, accuracy and timeliness of revenue records from 20 randomly selected days, we found that the totals of daily cash receipts recorded in the Excel ledger maintained by the Office of the Criminal Court Clerk agreed to Criminal Justice Information Systems after adjustments were made to account for receipts slated for the collection agent and voids. Deposit amounts were accurate and were made within one business day after receipt. Additionally, receipts generated from Criminal Justice Information System at the point-of-sale were available to support cash receipts.

In addition to reviewing the accuracy and completeness of cash receipts, the Office of Internal Audit reviewed application security for the Criminal Justice Information System which uses role based control. We found that security of the system needs improvement (See Observation J).

To supplement our analysis of user access controls, the Office of Internal Audit reviewed database audit policies; we sought to determine if audit polices were set up to monitor activities associated with privileged accounts. Although Justice Integration Services has created various audit triggers associated with sensitive activites in the Criminal Justice Information System, the audit records are not reviewed systematically (See Observation K).

6. *Were funds held in trust properly accounted for and adequately safeguarded?*

Yes. The Office of Internal Audit chose to rely upon the work performed on funds held in trust by Metro Nashville's external auditor, Crosslin & Associates. No material weaknesses were noted.

7. *Per a survey of stakeholders, was the Office of the Criminal Court Clerk operating effectively?*

Yes. The Office of Internal Audit performed a survey of stakeholders regarding the effectiveness of the Office of the Criminal Court Clerk. Surveys were distributed to all customers who visited the General Sessions and Criminal Court service counters from August 11, 2011, to August 24, 2011. In addition, surveys were provided to all General Sessions and Criminal Court Judges. In total, 288 surveys were distributed and 228 completed; a response rate of 79%.

The response to the survey was overwhelmingly positive. Eight-eight percent (88%) of respondents strongly agreed with the statement that service was prompt. The same percentage of those surveyed—88%—strongly agreed that they were able to get their business at the Office of the Criminal Court Clerk done in a reasonable amount of time. Eighty-nine percent (89%) of respondents strongly agreed that staff paid attention to their needs and 87% strongly agreed that service at the Office of the Criminal Court Clerk was effective.

For a detailed summary of the survey results, see Appendix A, Survey of the Effectiveness of the Office of the Criminal Court Clerk.

OBSERVATIONS AND RECOMMENDATIONS – PART I

A - Strengthen Controls Over Payroll Entry and Leave Approval

The duties of entering and approving payroll were not segregated. The same employee that entered the payroll in Enterprise One, Metro Nashville's accounting system, also approved the payroll prior to submittal to Metro Nashville's central payroll department. When advised by the Office of Internal Audit that these two functions should be segregated, management of Office of the Criminal Court Clerk immediately rectified the issue.

Also, the Office of Internal Audit found four instances where supervisory signatures were not obtained to document approval for overtime / compensatory time worked. In total, the Office of Internal Audit reviewed a sample of 158 "exceptions" to standard payroll (i.e. vacation or sick time taken, overtime worked, etc.) and traced them back to supporting documents.

Criteria:

- Prudent Business Practice
- Internal Control and Compliance Manual for Tennessee Municipalities, Title 5 Control Activities, Chapter 1, Section 1 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:

- The risk of abuse of leave policies increases when requests for time off are not properly approved.
- Weak internal control over the entry and approval of payroll increases the risk of abuse of leave policies.

Recommendation:

Management of the Office of the Criminal Court Clerk should:

1. Ensure leave requests are properly approved and signed by a supervisor.
2. Segregate the payroll entry and approval functions.

B - Position Vacancies Were Not Widely Advertised

Position vacancies have not been widely advertised; this prevents recruitment from a wide pool of applicants and may hamper the ability of the Office of the Criminal Court Clerk to hire the most qualified candidates. Because employees of the Office of the Criminal Clerk are not Metro Civil Service

employees there is no requirement to advertise the positions via Metro Human Resources.

Metro Nashville Human Resources advertises via its website courtesy postings for elected officials for position vacancies that are not Metro Civil Service positions.

Criteria:

- Prudent Business Practice
- The *COSO Internal Control — Integrated Framework* establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal control system. Maintaining appropriate employee candidate identification, screening and hiring practices is an integral part of the human resource function.
- Internal Control and Compliance Manual for Tennessee Municipalities, Title 5 Control Activities, Chapter , Section 2 states:
"Municipal officials should ensure that qualified individuals are hired and that appropriate training is provided."

Risk:

- When position vacancies are not widely advertised the applicant pool may be small; this limits the ability of the Office of the Criminal Court Clerk to find the most suitable and qualified candidates.
- The public may perceive that hiring is based on nepotism or interlocking relationships.

Recommendation:

Management of the Office of the Criminal Court Clerk should enhance its hiring practices and broaden the base of applicants considered for positions by advertising all vacancies through Metro Nashville Human Resources.

C - Letter of Delegated Purchasing Authority Was Not on File

Prior to September 2011, the Office of the Criminal Court Clerk did not have a Letter of Delegated Purchasing Authority on file with Metro Nashville's Procurement Division. A day after Howard Gentry was sworn in as Criminal Court Clerk, the Office filed a Letter of Delegated Purchasing Authority with Metro Nashville's Procurement Division.

Additionally, the Office of Internal Audit noted a transaction made by the Office of the Criminal Court Clerk that exceeded the delegated purchasing authority threshold of \$10,000. The purchase was in the amount of \$23,744 and no contract was in place at the time of the purchase.

Eight credit card transactions made by the Office of the Criminal Court Clerk exceeded the \$250 threshold outlined in Metro Nashville Procurement Code.

Criteria:

- Metro Nashville Procurement Code
- Notice of Delegation of Purchasing Agent's Authority
- Metro Nashville Finance Department, Policy #19, Credit Card

Risk:

- The risk of misappropriation of assets increases when departments fail to abide by Metro Nashville's Procurement Code.

Recommendation:

Management of the Office of the Criminal Court Clerk should:

1. Ensure a current Letter of Delegated Purchasing Authority remains on file with Metro Nashville's Procurement Division.
2. Abide by the dollar limit thresholds for delegated purchasing authority outlined in Metro Nashville's Procurement Code.

D - Controls Over Purchasing Need Improvement

Controls over purchasing need improvement. The Office of Internal Audit noted lapses in segregation of duties and ensuring exemption of taxes on purchases.

Of the 39 purchase transactions reviewed by the Office of Internal Audit, 29 were not properly approved; the same employee that processed the orders also approved the invoices related to the transactions. Purchasing and approval duties should be segregated.

All purchases made on behalf of Metro Nashville should be tax exempt; however, the Office of Internal Audit noted that sales tax was paid on one purchase in our sample. The total amount of the purchase was small, so the amount of tax that was paid was minimal. Nevertheless, the Office of the Criminal Court Clerk should be diligent in ensuring that sales tax is waived on purchases made by the Office.

Criteria:

- Metro Nashville Procurement Code
- Metro Nashville Finance Department, Policy #9, Prompt Payment
- Internal Control and Compliance Manual for Tennessee Municipalities, Title 5 Control Activities, Chapter 1, Section 1

Risk:

- When purchasing and approval duties are not segregated, the risk of misappropriation of Metro Nashville's assets increases.
- Failure to take advantage of tax waivers increases the cost of purchases made Metro Nashville.

Recommendation:

Management of the Office of the Criminal Court Clerk should:

1. Segregate purchasing and approval functions.
2. Review invoices prior to payment to ensure that sales tax has been waived.

E – Improve Access Controls for Criminal Justice Information System

Controls over user role assignments in Criminal Justice Information System need improvement. Specifically, we observed the following:

1. One user from the Office of the Criminal Court Clerk was assigned a role of system administrator when the job could be fulfilled with the existing application administrator role, which grants fewer privileges to the user.
2. Nine users were assigned the role of application administrator; this role allows access to more functions than needed to fulfill the requirements of their positions.
3. Eleven users did not have roles matching their job functions. This included two users whose roles were not updated after they moved to new positions and two users who were not cashiers but were assigned cashier privileges.
4. Three users were found, who each had two different system user IDs. Each ID had a different role. One of the users that had multiple system IDs had recently been terminated, but one of the user IDs assigned to him, with application administrator rights, had not been deactivated.

Criteria:

- ISO 27002, Chapter 11, Section 1 and 2

Risk:

- Inappropriate use of high level privileges, such as those of system and application administrator, could have a significant, negative impact on data security and integrity. Unrestricted assignment could cause intentional and/or unintentional data loss or unauthorized alteration.
- Assigning functionalities that do not match the business needs of the users diminishes security control in the system.
- Assigning multiple system IDs to one person complicates user maintenance and, potentially, leaves open a back door to the system especially; when privileged access.

Recommendation:

Management of the Office of the Criminal Court Clerk should:

1. Redesign existing roles to ensure that functionalities are assigned based on business requirements. Examples of such roles are the

roles for information technology personnel, roles for management of each individual division and roles for some special functions such as for expungement. Redesigned roles should be documented and conveyed clearly to Justice Integration Services for implementation.

2. Document job functions that require segregation of duties for role assignment purposes. Each role should be tested individually to ensure that no assigned functions cause conflict of duties. If multiple roles are to be assigned to one user, the combined functionality should be tested before assignment.
3. Review all existing Criminal Justice Information System users at the Office of the Criminal Court Clerk to ensure that only one system ID has been assigned to each user.
4. Establish formal procedures for creating new users, changing roles when employees move to new positions, assigning new roles and terminating users.
5. Establish formal procedures to periodically review status of system users.

F – Enhance Monitoring of Sensitive Transactions

The Office of Criminal Court Clerk did not have established procedures for monitoring critical and sensitive activities in the Criminal Justice Information System database. Further, although Justice Integration Services had some audit procedures set up, no active monitoring or review of those reports had been conducted.

Criteria:

ISO 27002, Chapter 10, section 10 states:

“Objective: To detect unauthorized information processing activities. Systems should be monitored and information security events should be recorded. Operator logs and fault logging should be used to ensure information system problems are identified.

An organization should comply with all relevant legal requirements applicable to its monitoring and logging activities. System monitoring should be used to check the effectiveness of controls adopted and to verify conformity to an access policy model.”

Risk:

Unauthorized activities may not be detected if the system is not actively monitored.

Recommendation:

Management of the Office of Criminal Court Clerk should:

1. Initiate a study of sensitive activities in Criminal Justice Information System that could compromise information. Sensitive activities include, but are not limited to, case deletions, transaction voids and deletions of transaction voids. The result of the study should be

conveyed to Justice Integration Services so that a database audit policy can be implemented and periodic reports can be generated for management review.

2. Determine and document procedures for performing sensitive transactions.

G – Disbursements Were Not Reconciled to Criminal Justice Information System

The Office of Criminal Court Clerk did not reconcile disbursement to Victims' Assistance Assessment Program and the Tennessee Department of Revenue to the general ledger in Criminal Justice Information System. The Office of the Criminal Court Clerk acts as a pass-through agency and collects funds for the Victims' Assistance Assessment Program and the Tennessee Department of Revenue. The funds are disbursed monthly to each agency; without matching collections per Criminal Justice Information System to disbursements each month it is difficult to discern whether the appropriate amounts are paid out each month.

Disbursement amounts are calculated from information recorded in the Excel based accounting system utilized by the Office of the Criminal Court Clerk. The figures recorded in Excel originate from daily Criminal Justice Information System reports; however, adjustments may be made in the Excel accounting system without a corresponding adjustment being made to Criminal Justice Information System records. No reconciliation of those figures to Criminal Justice Information System was performed prior to making monthly disbursements to the Victims' Assistance Assessment Program and the Tennessee Department of Revenue.

A comparison of actual disbursements, made from July 1, 2009, to June 30, 2011, to the Victims' Assistance Assessment Program and Tennessee Department of Revenue with the collections attributed to each agency per Criminal Justice Information System revealed that the amounts did not readily agree.

Criminal Justice Information System has wider accounting information system capabilities than are currently used by the Office of the Criminal Court Clerk, including a general ledger function. These capabilities could be activated and used in lieu of the Excel based accounting system now in use at the Office of the Criminal Court Clerk. Doing so would streamline business processes and eliminate the need to reconcile discrepancies between disjointed systems.

Criteria:

Tennessee Internal Control 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:

Using multiple accounting systems increases the risk of incomplete and inaccurate accounting records. It also increases the risk of fraudulent activities going undetected.

Recommendation:

Management of the Office of the Criminal Court Clerk should:

1. Conduct a review of accounting processes and business needs of the Office. Then, engage in a study of the full range of accounting information system capabilities of Criminal Justice Information System to determine how it could be tailored, cost-effectively, to better suit the needs of the Office by streamlining recordkeeping.
2. Continue to explore the feasibility of reconciling collection amounts recorded in the Excel accounting system to Criminal Justice Information System.

OBSERVATIONS AND RECOMMENDATIONS – PART II

CONFIDENTIAL: Not subject to records open to public inspection. Exemption granted by Tennessee Code Annotated §10-7-504 (i) (1) "Information that would allow a person to obtain unauthorized access to confidential information or to government property shall be maintained as confidential."

GENERAL AUDIT INFORMATION

STATEMENT OF COMPLIANCE WITH GAGAS

We conducted this audit from June 2011 to November 2011 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.

Per generally accepted government auditing standards and Tennessee Code Annotated §10-7-504 (i) (1), certain information has been omitted from the publicly available version of this report due its sensitive nature. A limited use report has been issued to the parties responsible for acting on the recommendations related to this sensitive information.

SCOPE AND METHODOLOGY

The audit period focused primarily on the period July 1, 2009, through June 30, 2011.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation including financial information, written policies and procedures, contracts and data in various forms.

CRITERIA

In conducting this audit, the existing processes were evaluated for compliance with:

- Tennessee Code Annotated, Title 18, Clerks of Court & Title 40, Criminal Procedure
- Internal Control and Compliance Manual for Tennessee Municipalities, Title 5 Control Activities
- Metro Nashville Procurement Code
- Metro Nashville Finance Department, Policy #9, Prompt Payment
- Property and Evidence By the Book, 2nd Edition by Lt. Joseph t. Latta and Chief Gordon A. Bowers
- International Association for Property and Evidence, Inc. Standards
- ISO 27002, Information technology—Security techniques—Code of practice for information security management
- Prudent Business Practice

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APPENDIX A. SURVEY OF THE EFFECTIVENESS OF THE OFFICE OF THE CRIMINAL COURT CLERK

A breakdown of the respondents follows. Note that the total exceeds the number of postcards returned to the Office of Internal Audit: two respondents checked multiple roles.

Exhibit 5 – Breakdown of Respondents to Survey of the Effectiveness of the Office of the Criminal Court Clerk

Role of Respondent	Number of Responses	Percent of Total Responses
Attorney	72	31.3%
Defendant	56	24.3%
Police Officer	5	2.2%
Other	68	29.6%
No response	29	12.6%
Total	230	100.0%

The response to the survey was overwhelmingly positive. Respondents were asked to rate the effectiveness of the Office of the Criminal Court Clerk on a scale of one (1) to five (5). A rating of one (1) indicated that the respondent strongly disagreed with the statement, while a rating of five (5) indicated that they strongly agreed. A three (3) meant the respondent was neutral on the topic. The statements rated by respondents appear below:

1. Service at the Office of the Criminal Court Clerk was prompt.
2. I was able to get my business done at the Office of the Criminal Court Clerk in a reasonable amount of time.
3. Criminal Court Clerk staff paid attention to my needs.
4. Overall, service at the Office of the Criminal Court Clerk was effective.

Following are the responses to the survey:

Exhibit 6 – Response to the Statement, “Service at the Office of the Criminal Court Clerk was prompt.”

Response	Number of Responses	Percent of Total Responses
Strongly Disagree	1	0.4%
Disagree	1	0.4%
Neutral	8	3.5%
Agree	11	4.8%
Strongly Agree	201	88.2%
No response	6	2.6%
Total	228	100.0%

Exhibit 7 – Response to the Statement, “I was able to get my business done at the Office of the Criminal Court Clerk in a reasonable amount of time.”

Response	Number of Responses	Percent of Total Responses
Strongly Disagree	1	0.4%
Disagree	2	0.9%
Neutral	6	2.6%
Agree	11	4.8%
Strongly Agree	201	88.2%
No response	7	3.1%
Total	228	100.0%

Exhibit 8 – Response to the Statement, “Criminal Court staff paid attention to my needs.”

Response	Number of Responses	Percent of Total Responses
Strongly Disagree	1	0.4%
Disagree	1	0.4%
Neutral	6	2.6%
Agree	11	4.8%
Strongly Agree	203	89.0%
No response	6	2.6%
Total	228	100.0%

Exhibit 9 – Response to the Statement, “Overall, service at the Office of the Criminal Court Clerk was effective.”

Response	Number of Responses	Percent of Total Responses
Strongly Disagree	4	1.8%
Disagree	3	1.3%
Neutral	7	3.1%
Agree	13	5.7%
Strongly Agree	199	87.3%
No response	2	0.9%
Total	228	100.0%

Per the results of the survey, the Office of the Criminal Court Clerk is effective in discharging their duties.

APPENDIX B. MANAGEMENT RESPONSE

- Management's Responses Starts on Next Page -



Metropolitan Government of Nashville

TWENTIETH JUDICIAL DISTRICT

HOWARD GENTRY, JR.
CRIMINAL COURT CLERK
DAVIDSON COUNTY

JUSTICE A. A. BIRCH BUILDING
408 2ND AVENUE NORTH • SUITE 2120
NASHVILLE, TN 37201
615-862-5801

December 16, 2011

Mr. Mark Swann
Metropolitan Auditor
222 Third Avenue, North
Suite 401
Nashville, TN 37201

RE: Audit – Criminal Court Clerk's Office

Dear Mr. Swann:

This letter confirms receipt of your audit of the Criminal Court Clerk's Office. We have reviewed the report and our responses are recorded accurately. Please note we appreciate the professionalism you and your staff exhibited throughout this process.

Should you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard C. Gentry", written over a horizontal line.

Howard C. Gentry

/c

Cc: Mr. Tommy Bradley
Chief Administrative Officer

**Audit of the Office of the Criminal Court Clerk
Management Response to Audit Recommendations - December 2011
Part I**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
PART I			
<p>A. Management of the Office of the Criminal Court Clerk should:</p> <ol style="list-style-type: none"> 1. Ensure leave requests are properly approved and signed by a supervisor. 2. Segregate the payroll entry and approval functions. 	<p>Accept: <u>Leave Requests/Payroll:</u> The Criminal Court Clerk's Office agrees and has made the necessary changes to address the issues raised.</p>		Complete
<p>B. Management of the Office of the Criminal Court Clerk should enhance its hiring practices and broaden the base of applicants considered for positions by advertising all vacancies through Metro Nashville Human Resources.</p>	<p>Accept: <u>Hiring Practices:</u> The Criminal Court Clerk's Office agrees to use Metro Department of Human Resources when deemed necessary.</p>		Complete
<p>C. Management of the Office of the Criminal Court Clerk should:</p> <ol style="list-style-type: none"> 1. Ensure a current Letter of Delegated Purchasing Authority remains on file with Metro Nashville's Procurement Division. 2. Abide by the dollar limit thresholds for delegated purchasing authority outlined in Metro Nashville's Procurement Code. 	<p>Accept: <u>Purchasing Authority/Dollar Limit Thresholds:</u> The Criminal Court Clerk's Office agrees and has made the necessary changes to address the issues raised.</p>		Complete
<p>D. Management of the Office of the Criminal Court Clerk should:</p> <ol style="list-style-type: none"> 1. Segregate purchasing and approval functions. 2. Review invoices prior to payment to ensure that sales tax has been waived. 	<p>Accept: <u>Purchasing Functions/Sales Tax:</u> The Criminal Court Clerk's Office agrees and has made the necessary changes to address the issues raised.</p>		Complete
<p>E. Management of the Office of the Criminal Court Clerk should:</p> <ol style="list-style-type: none"> 1. Redesign existing roles to ensure that functionalities are assigned based on business requirements. Examples of such roles are the roles for information technology personnel, roles for management of each individual division and roles for some special functions such as for expungement, Metro Nashville Police Department Served, cashier, and any other roles that the Criminal Court Clerk considers critical or sensitive. Redesigned roles should be documented and conveyed clearly to Justice Integration Services for implementation. 	<p>Accept: <u>CJIS Roles:</u> The Criminal Court Clerk's Office agrees to review all CJIS roles, functionality, procedures and accessibility immediately. As part of the review process, the Criminal Court Clerk's Office will meet with Justice Integration Services, as well as other Justice related agencies as necessary, to ensure all roles are acceptable and in accordance with the responsibility of the Criminal Court Clerk's Office.</p>		March 1, 2012

**Audit of the Office of the Criminal Court Clerk
Management Response to Audit Recommendations - December 2011
Part I**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>2. Document job functions that require segregation of duties for role assignment purposes. Each role should be tested individually to ensure that no assigned functions cause conflict of duties. If multiple roles are to be assigned to one user, the combined functionality should be tested before assignment.</p> <p>3. Review all existing Criminal Justice Information System users at the Office of the Criminal Court Clerk to ensure that only one system ID has been assigned to each user.</p> <p>4. Establish formal procedures for creating new users, changing roles when employees move to new positions, assigning new roles and terminating users.</p> <p>5. Establish formal procedures to periodically review status of system users.</p>			
<p>F. Management of the Office of the Criminal Court Clerk should:</p> <p>1. Initiate a study of sensitive activities in Criminal Justice Information System that could potentially lead to fraud. Sensitive activities include, but are not limited to, case deletions, transaction voids and deletions of transaction voids. The result of the study should be conveyed to Justice Integration Services so that a database audit policy can be implemented and periodic reports can be generated for management review.</p> <p>2. Determine and document procedures for performing sensitive transactions.</p>	<p>Accept: <u>CJIS Security:</u> The Criminal Court Clerk's Office agrees to review all CJIS security immediately. As part of the review process, the Criminal Court Clerk's Office will meet with Justice Integration Services, as well as other Justice related agencies as necessary, to ensure security is acceptable and in accordance with the responsibility of the Criminal Court Clerk's Office.</p>		March 1, 2012
<p>G. Management of the Office of the Criminal Court Clerk should:</p> <p>1. Conduct a review of accounting processes and business needs of the Office. Then, engage in a study of the full range of accounting information system capabilities of Criminal Justice Information System to determine how it could be tailored, cost-effectively, to better suit the needs of the Office by streamlining recordkeeping.</p>	<p>Accept: <u>Accounting/CJIS:</u> The Criminal Court Clerk's Office agrees to review all CJIS related accounting procedures and functionality. As part of the review process, the Criminal Court Clerk's Office will meet with Justice Integration Services, as well as other Justice related agencies as necessary, to ensure accounting procedures and functionality is acceptable and in accordance with the</p>		March 1, 2012

**Audit of the Office of the Criminal Court Clerk
 Management Response to Audit Recommendations - December 2011
 Part I**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
2. Continue to explore the feasibility of reconciling collection amounts recorded in the Excel accounting system to Criminal Justice Information System.	responsibility of the Criminal Court Clerk's Office. Also, as part of this review, the Criminal Court Clerk's Office will continue to explore reconciliation functionality within CJIS.		

**Audit of the Office of the Criminal Court Clerk
Management Response to Audit Recommendations - December 2011
Part II**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
PART II			

CONFIDENTIAL: Not subject to records open to public inspection. Exemption granted by Tennessee Code Annotated §10-7-504 (i) (1) "Information that would allow a person to obtain unauthorized access to confidential information or to government property shall be maintained as confidential."