

MARK S. SWANN  
METROPOLITAN AUDITOR



**METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON  
COUNTY**

OFFICE OF INTERNAL AUDIT  
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September 27, 2012

Mr. Warner Hassell, Court Administrator  
Metropolitan Nashville General Sessions Court  
Justice A. A. Birch Building  
408 2<sup>nd</sup> Avenue North  
Nashville, TN 37219

Mr. Hassell:

Subject: Independent Metropolitan Auditor's Report on Applying Agreed-Upon  
Procedures

The Metropolitan Nashville Office of Internal Audit has performed the procedures described in Attachment A. These procedures were agreed to by yourself and management of the General Sessions Court Probation Office in order to assist you in determining the adequacy of recently implemented controls pertaining to revenue collections at the General Sessions Court Probation Office. This agreed-upon procedures engagement was performed in accordance with generally accepted government auditing standards which incorporates Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely your determination. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an audit or an examination, the objective of which would be the expression of an opinion on the specified elements, accounts, items, or efficiency and effectiveness of government service delivery. Accordingly, we do not express such an opinion here. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Management is responsible for the General Sessions Court Probation Office risk management and internal control responses.

I appreciate the courtesies and cooperation extended to us.

September 27, 2012

Sincerely,

A handwritten signature in black ink, appearing to read "Mark S. Swann". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Mark S. Swann

cc: Presiding Judge Michael Mondelli, General Sessions Courts  
Mayor Karl Dean  
Metropolitan Nashville Audit Committee

## Attachment A – Agreed-upon Procedures

The following agreed-upon procedures were performed for the General Sessions Court Probation Office. The scope was for the period July 1, 2011, through June 30, 2012. The results of the procedures are detailed below.

### **Agreed-Upon Procedure #1**

Interview staff members as to their responsibilities regarding the revenue collection process and ascertain if business rules are properly segregated among incompatible functions.

#### Detailed Procedures Performed

Four General Sessions Court Probation Office employees were interviewed regarding their roles in the revenue collection process. Specifically, a cashier, bookkeeper, supervisor and the Director were interviewed.

#### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

#### Results

Interviewed General Sessions Court Probation Office employees understand their specific responsibilities. Segregation of duties was evidenced.

### **Agreed-Upon Procedure #2**

Review the Adult Probation System (ADPB) for user access and modification rights. Ascertain that business rules developed by the General Sessions Court Probation Office are in accordance with access rights in the Adult Probation System.

#### Detailed Procedures Performed

A General Sessions Court Probation Office employee listing from EnterpriseOne system was generated including all employees terminated and active. Interviews were conducted with various Probation Office employees to learn job functions of users of the Adult Probation System. Justice Information System employees were also interviewed. Data pertaining user access rights were obtained and reviewed to ascertain the status of terminated employees and to identify the appropriateness of Adult Probation System user rights assigned to various job functions.

#### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

#### Results

It was noted that 19 Adult Probation System user accounts, for non-General Sessions Court Probation Office employees, were assigned roles for functions normally performed by General Sessions Court Probation Office employees. These user accounts included one Criminal Court

## Attachment A – Agreed-upon Procedures

Clerk employee assigned the “*Supervisor\_GS*” role, one generic user account assigned the “*Probation\_Officer*” role, three user accounts assigned the “*Probation\_Officer*” role where the user name could not be identified in Metro Nashville’s Human Resource system, and three active user accounts assigned the “*Probation\_Officer*” role were for terminated employees. Additionally, one General Sessions Court Probation Office employee that had access to daily cash receipts also had the “*Supervisor\_GS*” role assigned to their account causing a potential breakdown in segregation of duties controls.

### **Agreed-Upon Procedure #3**

- a) Pull a listing of all payments in the Adult Probation System for fiscal year 2012. Search for gaps in the sequentially numbered receipt numbers and determine the cause for any gaps observed.
- b) Agree the total amounts recorded in the Adult Probation System to what is recorded in EnterpriseOne.

### **Detailed Procedures Performed**

A listing of all payments recorded in the Adult Probation System was obtained with the assistance of the Justice Integrated Services Department. The listing covered the time period of July 1, 2011, to June 30, 2012. Utilizing audit analytic software, a gap analyzes was conducted on receipt numbers.

### **Criteria**

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission’s *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### **Results**

During our testing, we did not observe any gaps in the sequentially numbered Adult Probation System generated receipts. Additionally, we found no incorrectly recorded amounts in the Adult Probation System or in EnterpriseOne.

### **Agreed-Upon Procedure #4**

Obtain and review the manual receipts book maintained by the General Sessions Court Probation Office.

- a) Search for gaps in sequentially numbered manual receipt numbers and determine the cause for the any gaps observed.
- b) Pull a sample of the manual receipts and tie back to the Adult Probation System.

### **Detailed Procedures Performed**

The manual receipts book utilized by the General Sessions Court Probation Office was obtained and reviewed for all transactions pertaining to fiscal year 2012. Only 22 manual transactions were made during this time period. Receipts were sequentially numbered and no gaps were found. A sample of ten receipts was agreed back to the Adult Probation System.

### **Criteria**

- Prudent business practices

## Attachment A – Agreed-upon Procedures

- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

No control failures or weaknesses were observed pertaining to manual receipt books.

### **Agreed-Upon Procedure #5**

Observe the mail intake process. Document the results.

### Detailed Procedures Performed

The process for mail intake at the General Sessions Court Probation Office was observed. It was noted that all incoming mail is opened by two designated employees. For revenue receipts obtained in the mail, a log is maintained which includes the probationers name, amount of payment, revenue type etc. The payments are then submitted to a cashier who then records the payments in the Adult Probation System. The payments then are processed through the normal deposit process. The mail receipt log is updated with the Adult Probation System receipt number by a supervisor to ensure that all payments received by mail are properly posted in the Adult Probation System.

### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

The results of the process were documented and no indications of control failures or weaknesses were noted during the process.

### **Agreed-Upon Procedure #6**

Obtain a report of all modifications/deletions made in the Adult Probation System for fiscal year 2012. For each sample item, review supporting documentation to ensure the request came from a General Sessions Court Probation Office employee and was approved and input by the General Sessions Court Probation Office Director.

### Detailed Procedures Performed

Inquiries were made to the management of the General Sessions Court Probation Office and the Justice Information System Office regarding reports listing all modification/deletions made to information entered into the Adult Probation System and it was determined these types of reports were not being generated during the scope period.

Tables from within the Adult Probation System were obtained from the Justice Information System Office. From these tables a listing which detailed all modification and deletions made to the Adult Probation System was created. A review of this listing indicated that \$67,869 in fees had been modified/deleted between January 1, 2010, and June 30, 2012. The majority of these transactions pertained to fee waivers (60 percent) or fee reduction (15 percent). It was further

## Attachment A – Agreed-upon Procedures

noted that 32 percent of the waivers were made by departments other than the General Sessions Court Probation Office. For those modifications/deletions made by the General Sessions Court Probation Office, six percent were made by an employee with access to cash.

### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

Reports listing all modifications/deletions to the Adult Probation System are not being generated; thus, the modifications and deletions are not being reviewed.

### **Agreed-Upon Procedure #7**

Pull a sample of revenue receipts transactions for fiscal years 2012 from the EnterpriseOne system. For each sample item, obtain supporting documentation and conduct the following test work:

- a) Agree the amounts charged to source documentation.
- b) Agree the amounts on the Cash Intake Form, Adult Probation System Report and the Deposit Slip to the amounts recorded in the EnterpriseOne system.
- c) Review bank records for deposit within one business day.
- d) Ascertain evidence of supervisory review.

### Detailed Procedures Performed

Out of 261 deposits for fiscal year 2012, a statistical sample of 105 daily deposits was reviewed. Supporting documentation was obtained for each sample item. Amounts in the daily deposit agreed to the Cash Intake Form, Adult Probation System Report, deposit slip and the EnterpriseOne system. Evidence of supervisory review was on each deposit.

### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

All 105 sampled deposits agreed to the source documentation, Cash Intake Form, Adult Probation System Report, Deposit Slip and contained evidence of supervisory review. Deposits were processed within one business day with the exception of 18 deposits (17 percent) where the deposit was processed within two to four days of receipt.

# Attachment A – Agreed-upon Procedures

## **Agreed-Upon Procedure #8**

For drug test, reconcile control numbers on the spreadsheet to control numbers in the Siemens Drug Testing System. Select a sample of items on the Excel spreadsheet, tie back to the Siemens Drug Testing System and Adult Probation System (if applicable).

### Detailed Procedures Performed

A listing of all test run on the Siemens equipment and the Excel spreadsheet detailing all test run by the General Sessions Court Probation Office were obtained and reviewed. A random sample of 25 drug tests on the Excel spreadsheet were selected and tied to the Siemens Drug Testing System report and the Adult Probation System report.

### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

All sample items tied back to the Siemens Drug Testing System and where applicable, the Adult Probation System.

## **Agreed-Upon Procedure #9**

Ascertain if there is any physical evidence of management review of fees and other information entered into the Adult Probation System by probation officers. Obtain a sample of said documentation. Ascertain if the reviews are adequate and accurate.

### Detailed Procedures Performed

Inquiries were made to the management of the General Sessions Court Probation Office regarding review of Adult Probation System data entry. An attempt was made to review documentation of management review of information entered into the system. However, since no documentation existed, it could not be reviewed.

### Criteria

- Prudent business practices
- Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

### Results

There was no evidence present to show management monitoring of data entry into the Adult Probation System had been conducted.

## Attachment B – Recommendations

The following recommendations are provided to help you address emerging revenue collection risks observed performing the agreed-upon procedures detailed in Attachment A. The recommendations are to apprise you of areas for potential improvement in the system of internal controls and do not require a response to the Metropolitan Nashville Office of Internal Audit.

The management of the General Sessions Court Probation Office should consider:

1. Performing a thorough review of the business needs of all current users of the Adult Probation System roles used by the General Sessions Court Probation Office. Users should only be given access rights necessary to perform their job responsibilities. General Sessions Court Probation Office employees that have access to daily cash receipts should not be assigned the “*Supervisor\_GS*” role in the Adult Probation System. This can cause a breakdown in segregation of duties controls.
2. Including the Siemens drug test specimen number and any corresponding Adult Probation System receipt number on the Excel spreadsheet in order to facilitate reconciliation of all tests run on the Siemens drug testing equipment.
3. Implementing a system whereby information entered into the Adult Probation System is periodically reviewed for accuracy and completeness.
4. Developing a report detailing all modifications/deletions made in the Adult Probation System for General Sessions Court Probation Office information. This report should be reviewed periodically to provide reasonable assurance that any modifications/deletions made to the system are in accordance to established General Sessions Court Probation Office guidelines.