



Audit Report

Family Court Cash Controls Follow Up Audit

April 2019

Angela M. Darragh, CPA, CISA, CFE
Audit Director

Audit Committee:
Commissioner James B. Gibson
Commissioner Michael Naft
Commissioner Tick Segerblom



TABLE OF CONTENTS

REPORT DETAILS - 2 -

 BACKGROUND - 2 -

 OBJECTIVES, SCOPE, AND METHODOLOGY - 2 -

 CONCLUSION..... - 4 -

FINDINGS, RECOMMENDATIONS, AND RESPONSES..... - 5 -

 FINDING 1 – NEED TO DISABLE TERMINATED EMPLOYEE AND GENERIC ACCOUNTS (HIGH)..... - 5 -

 FINDING 2 – FEE DETAIL NOT INCLUDED IN RECEIPTS (LOW)..... - 6 -

 FINDING 3 – POLICIES AND PROCEDURES NEED TO BE UPDATED TO COMPLY WITH MAS (LOW)..... - 7 -



REPORT DETAILS

BACKGROUND

The Family Division of the Eighth Judicial District Court was created in January 1993 to assist citizens with various family related court matters including divorce, annulment, child custody, visitation rights, child and spousal support, community property division, name changes, adoption, abuse and neglect cases. Family Court works closely with community providers to provide services such as mediation, violence intervention, advocacy for abused and neglected children, free legal advice, and classes for individuals wishing to represent themselves in court matters. A total of 20 judges preside over family and juvenile cases. The majority of cases are heard at the Family Courts and Services Center located at 601 N. Pecos Road, Las Vegas, Nevada. However, child support cases are heard at the Child Support Center of Southern Nevada located at 1900 E. Flamingo Road, Las Vegas, Nevada.

Family Court charges fees for services in accordance with Nevada Revised Statute Chapters 3 and 19. Fees collected by Family Court for the period covering July 1, 2017 through June 30, 2018 were \$6,798,781. Family Court uses an electronic case management system (Odyssey) to access case information and record fee payments.

The Nevada Supreme Court, through the Administrative Office of the Courts, developed Minimum Accounting Standards (MAS) that provide the courts in Nevada with requirements regarding financial operations, internal accounting and financial management controls. The Supreme Court adopted the latest version of MAS 3.1 in January 2018. Courts are required to submit their written procedures electronically, to the Administrative Office of the Courts Audit Unit, no later than March 1 every two years on a rotating basis. MAS also mandated that courts submit an independent audit of its operations to the Administrative Office of the Court every four years on a rotating basis established by the Administrative Office of the Court auditors. The last external MAS audit performed was for the period ending June 30, 2015.

The Clark County Audit Department issued a report on Family Court Cash Controls on March 31, 2016. At that time, we found that the cash controls complied with MAS requirements and Nevada Revised Statutes (NRS), but identified some opportunities to improve controls related to fee receipting, daily deposits, and application security.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether corrective actions were implemented for the audit findings reported in the original audit. This audit is not a complete re-examination of controls in the Family Court.



The audit covered the period of June 2018 through September 2018. The last day of fieldwork was March 1, 2019.

In order to achieve our objective we:

- Reviewed system user accounts to identify duplicate accounts, generic accounts, and any active user accounts of former County employees.
- Reviewed documentation to determine if access for former employees was immediately disabled upon separation.
- Observed cash drawer distribution, reconciliation, closing and deposit processes to determine if controls are adequate.
- Reviewed monthly reconciliation for completeness, timeliness and compliance with Minimum Accounting Standards (MAS).
- Observed the processing of three separate transactions to determine if changes made to the case management system were adequate to permit the recalculation of fees charged.
- Judgmentally selected 11 receipts to recalculate, trace to the case management system, case file, receipt journal, and the department's fee schedule to ensure the accuracy of fees charged.
- Examined transcription video service fees for accuracy and compliance with NRS.
- Reviewed departmental policies and procedures for compliance with MAS.
- Interviewed seven Family Court personnel regarding their job functions and user access. We then examined their individual system user's roles and rights to determine if access is based on job function and duties.
- Observed that Active Directory Authentication has been installed and enabled in the case management system.
- Reviewed account/password policies to determine if Active Directory Authentication provides adequate control over applications in compliance with Clark County Technology Directive Number 1.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal control are included in the detailed results.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



CONCLUSION

Family Court implemented sufficient corrective actions to resolve four of seven audit findings reported in the original audit. These included:

- Employer responsible for deposits no longer assists with daily cash drawer reconciliation;
- Monthly reconciliation between the case management system and bank;
- Updating user security roles;
- Implementing automatic password expiration.

The following areas were partially addressed by Family Court:

- Family Court established procedures for disabling accounts of separated employees, but they are not consistently followed;
- Family Court updated its fee schedule, but we found fees we could not recalculate;
- Family Court developed and implemented some of the policies and procedures identified in the original report, but some areas required by MAS were not included or were not fully implemented.

Each finding includes a ranking of risk based on the risk assessment that takes into consideration the circumstances of the current condition including compensating controls and the potential impact on reputation and customer confidence, safety and health, finances, productivity, and the possibility of fines or legal penalties.

Auditee responses were not audited and the auditor expresses no opinion on those responses.



FINDINGS, RECOMMENDATIONS, AND RESPONSES

FINDING 1 – NEED TO DISABLE TERMINATED EMPLOYEE AND GENERIC ACCOUNTS (HIGH)

Family Court resolved a portion of the original audit finding by implementing procedures to immediately disable user accounts of employees at separation from the County in the case management system. However, Family Court did not obtain approval for the use of generic accounts in accordance with the County's Information Technology Directive Number 1. In addition, Family Court needs to improve access and monitoring controls for the case management system. During our testing, we found the following:

- 2 of 5 (40%) user accounts for separated employees were not immediately disabled. In addition, we found that their user accounts were logged into after separation.
- 7 of the 323 (2.17%) accounts were generic user accounts that were not authorized in accordance with County policy.
- 2 of the 323 (0.62%) active user accounts belonged to terminated County employees.
- 1 of the 323 (0.31%) users last logged in to the case management system on 7/6/2018.

During our testing we also found that Law Clerks share a generic email account. The County's IT Directive states that the use of a generic email account is permitted when the account is assigned to a specific County employee(s).

Clark County Technology Directive Number 1 requires adequate controls over applications that includes disabling accounts of separated employees, disabling or deleting inactive accounts, and prohibiting use of generic accounts. Adherence to the County's IT Directive assists with keeping county information systems secure and helps with monitoring inappropriate access which could potentially result in unauthorized changes to and manipulation of financial records.

RECOMMENDATION

1. Document and enforce policies and procedures regarding immediate disabling of user accounts upon separation from the County.
2. Periodically review case management system active user listing and staffing changes report to ensure compliance with immediate disabling of user accounts upon separation from the County.
3. Review case management system user account log in activity. Disable accounts that have been inactive greater than 60 days and delete accounts that have been inactive greater than 90 days.
4. Develop, implement and enforce user account log in monitoring procedures to ensure compliance with account log in activity requirements documented in IT Directive No. 1.



5. Obtain approval for current and future generic user accounts in accordance with Information Technology Directive No. 1.
6. Verify that shared generic email account is assigned to an individual within the County in compliance with the County's IT Directive.

MANAGEMENT RESPONSE

Recommendation #1 – The Court currently disables accounts and will add a secondary review.

Recommendation #2 – This is the Courts current practice.

Recommendation #3 – We are in agreement and will begin inactivating accounts at 60 days.

Recommendation #4 – We are in agreement, this is our current practice.

Recommendation #5 – The decision to use generic accounts rests with the Eighth Judicial District Court. If necessary, the court has no issues with submitting notification.

Recommendation #6 – The Court agrees with ensuring accounts are unique and this will be accomplished in 30 days.

FINDING 2 – FEE DETAIL NOT INCLUDED IN RECEIPTS (LOW)

To resolve the audit finding reported in the original audit, Family Court updated their fee schedule for transcription video services which are authorized by NRS 239.055 and NRS 3.370. In addition, changes were made to the copy and search fee schedules within Family Court's case management system. The case management system prompts the user to answer questions regarding page counts and type of copy and then calculates the fees automatically. Changes made to the case management system along with receipt detail appear to permit the recalculation of receipts for periodic verification and comparison to NRS. However, in reviewing 11 detailed fee transactions we found three (27%) transactions in which the receipts could not be recalculated or traced to the department's fee schedule.

NRS 19 details the types and amount of fees that Family Court can charge. The statute includes the fee schedule for a variety of services. The services may include, and is not limited to, adoptions, annulments, child custody cases, copy fees, and document certifications. We found one of the three transactions mentioned above was for miscellaneous fees, which was not found on the department's fee schedule or in NRS 19.

Also, while tracing selected transactions from the Odyssey Fee Receipt Reports to the Receipt Journal by Fund and Fee Code Reports, we noted that the report totals did not agree as they did in the original audit.



We believe sufficient information should be included on the receipt to identify quantity of the product or service purchased and allow for recalculation of the charged amount. Also, report totals for revenues should agree to ensure the accuracy and reliability of information reported.

RECOMMENDATION

1. Include quantity or pertinent transactional information within case files or on receipts for recalculation purposes.
2. Research variances between Odyssey Fee Receipts Reports and the Receipt Journal by Fund and Fee Code Reports to determine why report totals do not agree.

MANAGEMENT RESPONSE

Recommendation #1 – The Court updated its fee schedule and case files have all the necessary transactional information.

Recommendation #2 – The Court completes monthly bank/book reconciliations prior to revenue transmittal to County Treasurer. This requires research on all variances.

FINDING 3 – POLICIES AND PROCEDURES NEED TO BE UPDATED TO COMPLY WITH MAS (LOW)

Family Court resolved a portion of the audit finding reported from the original audit by updating policies and procedures pertaining to:

- District court ordered fines and fees (MAS 4B.1 - 4B.3).
- Payment card data security (MAS 8.8 - 8.12);
- Combination/lock changes and access to safes/vault (MAS 9.2 – 9.3)
- Duplicate keys storage (MAS 9.4).

However, in comparing MAS requirements with department procedures, we found that Family Court's policy manual does not reflect current procedures in place for computer access security (MAS 8.1) and payment card data security (MAS 8.8 – 8.12). Procedures regarding district court ordered fines and fees (MAS 4B.1 - 4B.3) and duplicate keys storage (MAS 9.4) are not being performed in compliance with MAS requirements. Lastly, we found MAS procedures pertaining to computer access and security (MAS 8.2 – 8.4) are not covered in Family Courts procedure's manual.

Nevada Courts Minimum Accounting Standards detail the minimum guidelines that all courts presiding in Nevada are required to follow regarding financial operations and management controls. Family Court is not compliant with MAS due to the missing procedures and procedures not being performed. Each of



these requirements is designed to protect court assets. At this time, there are no fines and penalties associated with MAS non-compliance.

RECOMMENDATION

1. Develop, implement, and enforce procedures over computer security access.
2. Implement and enforce procedures over district court ordered fines to comply with MAS requirements.
3. Incorporate newly developed procedures into the department's policy manual.
4. Store duplicate keys in a locked key box in compliance with MAS 9.4.
5. Train all employees on updated policies and procedures and monitor their adherence.

MANAGEMENT RESPONSE

Recommendation #1 – The Court has updated its procedures over computer security access.

Recommendation #2 – We will provide Clark County reports and their detail as requested.

Recommendation #3 – The Court will incorporate the newly developed procedures into the department policy manual.

Recommendation #4 – We exceeded the standard and we're comfortable with utilizing the safe instead of a locked key box. We feel it is more secure.

Recommendation #5 – We request Clark County to permit the Courts to use training software in SAP (Success Factors).