



# Audit Report

## Las Vegas Justice Court Neighborhood Justice Center

April 2019

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**REPORT DETAILS****BACKGROUND**

The Clark County Neighborhood Justice Center (NJC), conducts mediation and offers alternative conflict resolution services and training throughout Clark County. Their services include handling disputes between local businesses and customers, family members, neighbors, tenant and landlord, etc. The NJC was established in 1991 accordance with NRS 244.1607. The NJC serves all of Clark County, including Henderson and North Las Vegas.

During 2006, the NJC became part of the Las Vegas Justice Court (LVJC). Prior to 2006, the NJC was part of Clark County Parks and Recreation and Administrative Services. Being part of the LVJC allows for a smooth transition between the court system and the NJC. Some citizens are referred by the Justice Court Civil Law Self Help Center. Justice Court judges also often refer minor cases to mediation for resolution. The NJC also conducts a Retailers Association Diversion Program. This program presents an opportunity for those involved with an offense with a retailer to resolve the issue through impartial mediation.

The NJC has two front desk personnel that record phone intake cases and greet clients. Mediation staff currently consists of four full time and two part time mediators that act as case managers and mediators. The NJC Division Administrator oversees operations. During the time period of July 1, 2017 through March 28, 2018, the NJC initiated 2,752 cases, of which 656 were successfully mediated. These cases included those referred from the courts, mediated at the Regional Justice Center, and initiated at the NJC.

During Fiscal Year 2017, the NJC had total funding of \$719,456. NJC funding comes from District and Justice Court civil case court filing fees, which are mandated by NRS. Additional funding is derived from the fees generated by the mediator training program and fees collected for the Retailers Association Diversion (RAD) Program. Exhibit 1 lists reported revenues and departmental expenditures for the last 5 fiscal years.

**Neighborhood Justice Center  
Revenues and Departmental Expenditures  
Fiscal Years 2014 to 2018**

**Exhibit 1**

<b>Revenues</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Case Filing Fees	\$ 801,472	\$ 808,547	\$ 840,511	\$ 704,927	\$ 753,558
Program Fees <sup>(1)</sup>	13,329	16,795	23,273	9,384	15,110
Other Revenue <sup>(1)</sup>	-	5,915	9,653	5,144	2,187
<b>Total Revenues</b>	<b>\$ 814,801</b>	<b>\$ 831,257</b>	<b>\$ 873,437</b>	<b>\$ 719,456</b>	<b>\$ 770,855</b>



**Expenditures**

Salaries	\$ 559,280	\$ 542,480	\$ 489,793	\$ 580,216	\$ 475,945
Benefits	215,394	214,405	235,114	244,800	223,521
Operating	22,961	27,446	22,017	23,463	13,409
<b>Total Expenditures</b>	<b>\$ 797,635</b>	<b>\$ 784,331</b>	<b>\$ 746,924</b>	<b>\$ 848,478</b>	<b>\$ 712,874</b>
Difference	\$ 17,166	\$ 46,927	\$ 126,513	\$ (129,023)	\$ 57,980

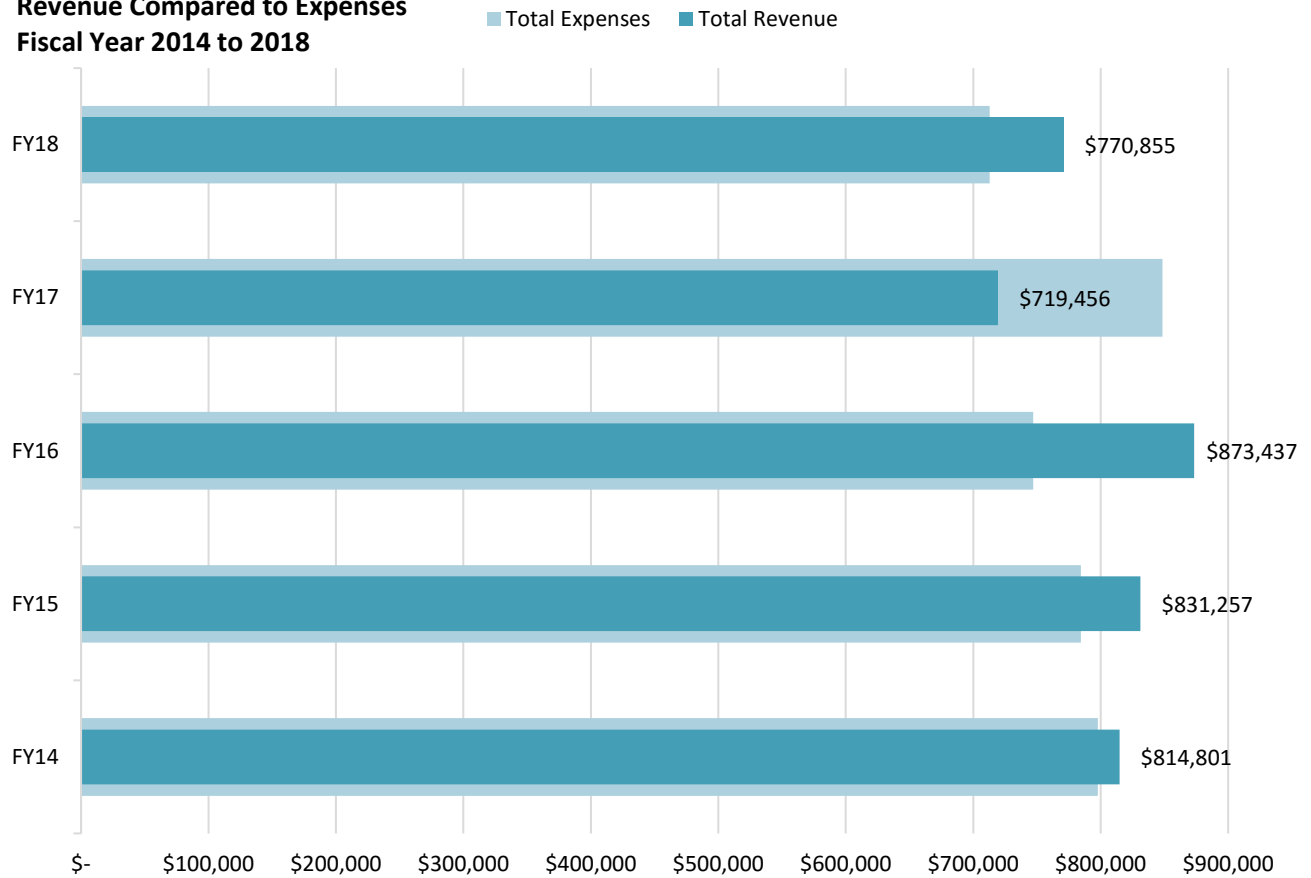
Source: Clark County Accounting System

<sup>(1)</sup> Funds from training & RAD programs

The Neighborhood Justice Center fees have been sufficient to sustain the operations of the program with the exception of fiscal year 2017, when reported expenses were \$848,478, resulting in a loss of \$129,023. Exhibit 2 provides an illustrative comparison of revenue and expenditures for the last 5 fiscal years.

**Neighborhood Justice Center  
Revenue Compared to Expenses  
Fiscal Year 2014 to 2018**

**Exhibit 2**



Source: Clark County Accounting System



Since Odyssey, the Neighbor Justice Center case management system, was not implemented until late 2015, we were unable to perform a statistical cost per case analysis.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to evaluate program effectiveness and efficiency of the Neighborhood Justice Center (NJC) operations. In order to achieve our objectives, we performed the following:

- Conducted walkthroughs of operations
- Inquired about the status of policy and procedure preparation and distribution to staff
- Discussed the involvement of volunteers in the mediation operations of the NJC
- Discussed and examined the security of money orders accepted at the NJC
- Examined the allocation of fees from civil cases for center revenue
- Reviewed NJC mediation programs
- Compared revenue and expenditures reported by the NJC and traced to SAP, the County's enterprise resource planning software
- Reviewed all 2,752 cases initiated in Odyssey during July 1, 2017 through May 28, 2018, and examined each for location and case outcome

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. Our procedures considered the period of July 1, 2017 to May 28, 2018. The last day of fieldwork was October 31, 2018.

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 findings and conclusions based on our audit objectives.

## CONCLUSION

The Neighborhood Justice Center appears to be operating in an appropriate manner. During our review, we found the following controls and procedures that can be improved to safeguard revenue and data, as well as enhance center effectiveness:

- Policies and procedures need to be written and made available to staff;
- Money orders received for program payment need to be logged upon receipt and delivery to Finance; and



- Analysis of case outcome and mediator time allocation can assist in determining the most effective location for mediation needs of the community.

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 – MONEY ORDER PROCEDURES DO NOT COMPLY WITH MAS (HIGH)

The Minimum Accounting Standards (MAS) represent the standards that must be addressed by every Court in Nevada, whether the particular standard is applicable to that Court's functions or not. They are prescribed by the Administrative Office of the Courts. We found that NJC is not complying with the MAS as they relate to money orders. Following is the MAS requirement:

#### **MAS – Version 1 Section 2 – Payment and Handling**

##### **Recording Payments**

- 2.60 Immediately upon receipt, all payments should be recorded into a cash receipts journal, case files, and/or the automated case management system depending on the courts operations.
- 2.61 If a court has minimal staff and/or experiences large fluctuations in workload, which prevents recording payments immediately, the court must secure payments received until they can be recorded. All payments should be recorded no later than the end of the following business day after receipt.

We found that money orders are received for payment of program completion of the Retailers Association Theft Diversion (RAD) Program. Receipt of money order is recoded in Odyssey case notes and the physical money order is secured in a locked safe until hand delivered by a NJC employee to Finance in the Regional Justice Center. However, a log of money orders received, held in the safe and delivered to Finance is not maintained. A copy of the money order is uploaded with the case documents, but Finance records the transaction.

NJC has not established a policy for recording money orders after receipt. Money orders can be misplaced before or after transfer to Finance. Therefore, a record of receipt could reduce the threat of misappropriation.

#### **RECOMMENDATIONS**

1. Log each money order received for NJC program payment.
2. Note on the log when money orders are transferred to the NJC Finance. Include the time and name of individual performing the transfer and receiving the funds, if applicable.



## MANAGEMENT RESPONSE

- Update current front counter Policy and Procedures to include the process of collecting money orders at front counter.
- Train the front counter staff members on how to open a till and accept monies in Odyssey.

## FINDING 2 – POLICIES AND PROCEDURES NEED TO BE UPDATED AND FORMALIZED (LOW)

NJC is not complying with MAS requirements regarding written procedures. Following is the MAS requirement:

### Section 1 - Written Procedures

- 1.1) The court must maintain detailed, written procedures addressing their operating practices and the items contained in this section and throughout the Minimum Accounting Standards. Any items/sections of the MAS, which are not applicable to the court's operations should be addressed as such in the court's written procedures. Alternative control procedures used by the court to satisfy standards contained in this document should be included in the court's written procedures.

During our review, we found that while NJC was in the process of updating their policies and procedures, most procedures used by the department were oral. Written policies and procedures encourage consistency among staff and ensures internal controls are followed.

## RECOMMENDATION

1. Complete written policies and procedures for the Neighborhood Justice Center.
2. Ensure that all policies and procedures are made available to Neighborhood Justice Center employees.

## MANAGEMENT RESPONSE

- Policy and Procedures for NJC have been written and are completed.
- All procedures will be placed in a one document format. They will be emailed to all NJC employees and available on the network to reference.



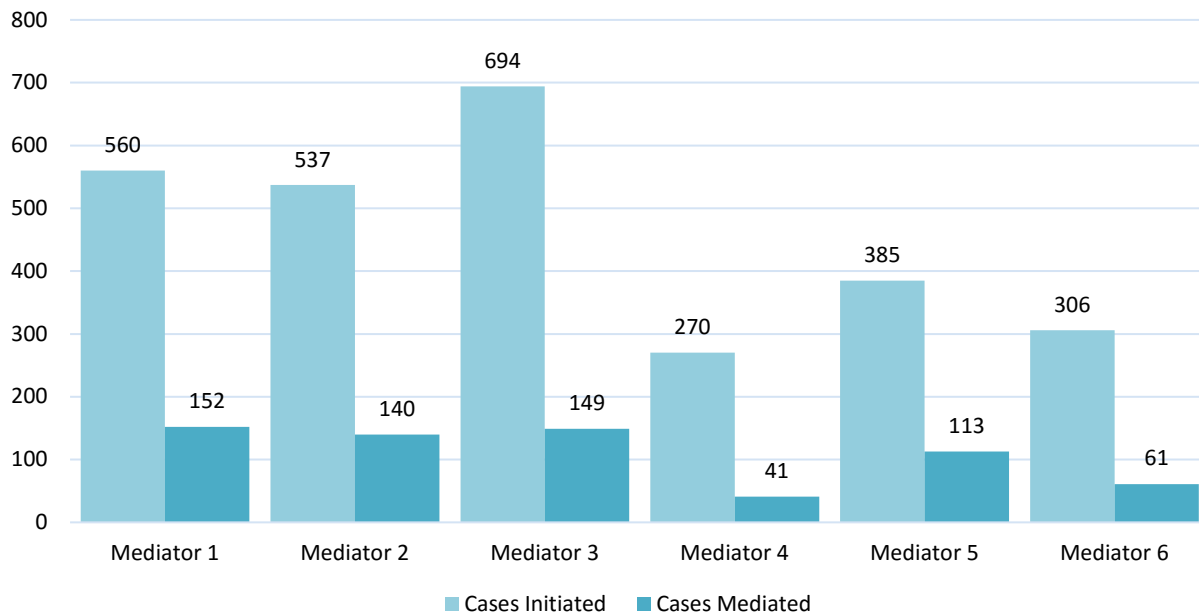


### FINDING 3 – MEDIATION RESOURCE SCHEDULING PRACTICES SHOULD BE EXAMINED (LOW)

NJC Mediators attempt to mediate cases effectively for the community. However, when one or both parties do not appear at the appointed time for mediation, the mediators are often not able to schedule other activities during the reserved time. During our audit period, 656 out of 2752 initiated cases were successfully mediated (24%). Exhibit 3 illustrates the number of cases initiated and subsequently mediated during our audit period by mediator.

**Number of Cases Initiated and Mediated  
July 1, 2017 to May 28, 2018**

**Exhibit 3**



Source: Auditor prepared from case file reviews.

Note: Mediators 4,5 and 6 acted in a part time capacity during the audit period.

When mediations are cancelled due to party no show, often at the last minute, it leaves very little time for the mediator to engage in other activities, which could include assisting with mediations in various other areas of the community. Other areas in which mediators could effectively assist the community include, the Regional Justice Center Self Help Center and Eviction Court. While there are other areas that fall under the NJC jurisdiction, they would require advance scheduling.



## RECOMMENDATIONS

1. Review mediation opposing party reminder practices and determine if an update is needed based on effectiveness.
2. Management should run the “Judicial Assignment Review” report or a similar report on a routine basis to determine case mediation and mediation location effectiveness.
3. We recommend that judicial officers/case managers track their time so that an analysis can be performed on case and time effectiveness to facilitate decision of mediator placement.

## MANAGEMENT RESPONSE

- NJC staff currently calls a day prior to the mediation appointment as a reminder.
- Judicial Assignment Review report is ran monthly and often two times monthly.
- Implement a time analysis form for mediators to fill in daily.