



Audit Department

500 S Grand Central Pkwy Ste 5006 • PO Box 551120 • Las Vegas NV 89155-1120
(702) 455-3269 • Fax (702) 455-3893

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

September 29, 2015

Mr. Don Burnette
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Burnette:

We recently performed a follow-up audit of the Family Mediation Program Cash Controls audit dated February 20, 2014. Our objective was to determine whether corrective actions were implemented to address findings included in the original audit. To accomplish our objectives, we interviewed appropriate personnel, observed daily operations, examined supporting documentation, and performed detailed tests and analyses. Our last day of fieldwork was June 9, 2015.

The Family Mediation Center made significant improvements to cash handling and voiding controls. However, a weakness continues to exist over application controls for Odyssey. Specifically, user account roles and rights were not reviewed for reasonableness. Family Mediation Center was relying on the creation of a modified report to assist with this control activity and delayed their reviews until the report could be created. However, a report was not developed by the end of fieldwork.

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.

We appreciate the cooperation and assistance provided by the Family Mediation Center during the course of this audit.

Sincerely,

Angela M. Darragh, CPA
Audit Director



AUDIT DEPARTMENT

Audit Report

Family Mediation Program Cash Controls Follow Up

September 2015

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

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BACKGROUND The Family Mediation Center is under the administrative direction of the District Court Administrator and Assistant Court Administrator of the Family Division. The department consists of approximately 15 employees operating out of the office located at 601 N. Pecos Road, Bldg. B, Las Vegas, Nevada 89101.

Family Mediation Center's program services include: family mediation, child interviews, family group conferencing, reunification services, criminal records check, and parent/child observations. Nevada Revised Statute (NRS) 3.475 establishes family mediation program guidelines.

The original audit identified several areas that required corrective action. The areas included cash controls (receipting, depositing, safeguarding, and reconciling), void controls (documentation and approvals), and application controls for Odyssey (user access management). Odyssey, Family Mediation Center's current case management system, was implemented in 2007. Odyssey is used to create court cases for tracking, billing, reporting and archiving purposes.

OBJECTIVES, SCOPE, AND METHODOLOGY The objective of this audit is to determine whether corrective action was taken on the findings included in the *Family Mediation Program Cash Controls* audit report dated February 20, 2014. Our procedures consisted of reviewing the original audit report and audit workpapers, interviewing Family Mediation Center management and staff, observing daily operations, examining supporting documentation, and performing detailed tests and analyses.

In order to complete our objective, we performed the following:

- Obtained a copy of the most recent cash handling policies and procedures to ensure that it addressed key deficiencies from the original audit report.
- Judgmentally selected 11 transactions where fees were adjusted (i.e., void, refund, waiver, or discount) to ensure that they were performed by someone other than the originator and that approvals were obtained, documented, and reasonable. The sample was selected from transactions that occurred between January 1, 2015 through April 30, 2015.

- Observed receipting for a mailed payment and a phone payment on May 28, 2015.
- Judgmentally selected 5 transactions from the Odyssey Transaction Report and traced each transaction to a receipt. The sample was selected from transactions that occurred between January 1, 2015 through April 30, 2015.
- Observed the end of day procedures on May 28, 2015.
- Observed the preparation of a bank deposit for funds collected from the operating day of May 27, 2015 to ensure that the function was performed by an individual separate from the processing of daily transactions.
- Examined the March 2015 monthly reconciliation for Family Mediation Center funds.
- Examined the Odyssey “User Role & Rights” report and the Family Mediation Center User Access Listing to verify that a review was performed.
- Examined the Odyssey ‘Modify User’ screen for three front office users at Family Mediation Center to verify that the password change feature was set to change user passwords every 90 days.

While in some cases the samples selected are not statistically relevant, we believe they are sufficient to provide findings for the population as a whole. 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. The last day of fieldwork was June 9, 2015.

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.

RESULTS IN BRIEF The Family Mediation Center made significant improvements to cash handling and voiding controls. However, a weakness continues to exist over application controls for Odyssey. Specifically, user account roles and rights were not reviewed for reasonableness.

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.

DETAILED RESULTS

User Access Review Not Completed

During the original audit, we found that Courts IT could not provide a summarized report showing individual user access history for Family Mediation Center. They did provide a detailed Odyssey Roles & Rights Report for the three front office staff that collect fees. However, in reviewing those reports, we found that one employee's access per the report did not agree with the actual employee's access noted during an observation of her deposit procedures. We also found one of the 20 employees listed in Odyssey that did not work in Family Mediation Center, but had Family Mediation Center access rights.

We recommended that Family Mediation Center obtain a report to monitor system access and periodically review employee access to application functions to ensure that appropriate individuals have access to functions necessary for their specific job duties.

During our follow up, we found that Family Mediation Center did not perform a review of the user roles and rights in Odyssey for Family Mediation Center users. Family Mediation Center was relying on the creation of a modified report to assist with this control activity and delayed their reviews until the report could be created. However, a report was not developed by the end of fieldwork.

Recommendation

1. Perform a review of user roles and rights for all Odyssey users in Family Mediation Center.
2. Review and monitor Odyssey user roles and rights after system upgrades, user additions or deletions, or at minimum, on an annual basis.
3. Maintain documentation related to reviews in accordance with Clark County record retention policies.

MANAGEMENT RESPONSE

The Family Mediation Center (FMC) has implemented each of the recommendations specified in the Cash Controls Audit conducted by the Clark County Audit Department and, for one recommendation (number 9), FMC has gone above and beyond by completely eliminating all generic user IDs. As is indicated in the Family Mediation Program Cash Controls Follow Up report of September 2015, FMC resolved 8 of the 10 findings identified in the Cash Controls Audit. The remaining two findings, number 7 and 10, relate to reviewing and monitoring individual Odyssey user accounts and access. On September 28, 2015 FMC received a 232-page Odyssey departmental user access report which will be used to review existing individual Odyssey user accounts and access in the coming days. Further, at least annually, FMC will request an Odyssey departmental user access report to review and monitor Odyssey user roles and rights and will maintain documentation related to the review pursuant to this directive. Lastly, each of the implemented recommendations has been reduced to writing as part of Family Mediation Center Administrative Directive number 2015-04.

**FAMILY MEDIATION PROGRAM
Cash Controls Follow Up Audit
Findings, Recommendations, and Corrective Actions Status
As of September 17, 2015**



AUDIT DEPARTMENT
Angela Darragh, CPA, CFE, CISA, CHC
Director

Original Report Issuance Date: February 20, 2014

Finding	Recommendation(s)	Corrective Actions Status
7 - User Access Review not Completed		
<p>Courts IT could not provide a summarized report showing individual user access history for the FMC department. They did provide a detailed Odyssey Roles & Rights Report for the three front office staff that collect fees. However, in reviewing those reports, we found that one employee's access per the report did not agree with the actual employee's access noted during an observation of her deposit procedures.</p>	<ol style="list-style-type: none"> 1. Request a useful Odyssey departmental user access report from Court IT that can used to more easily monitor system access by individual user. 2. Periodically review and monitor existing individual Odyssey user accounts and access. 3. Maintain documentation related to reviews in accordance with Clark County record retention policies. 	<p>NOT RESOLVED: We confirmed that Family Mediation Center did not perform a review of the user roles and rights in Odyssey for Family Mediation Center users. Family Mediation Center was relying on the creation of a modified report to assist with this control activity and delayed their reviews until the report could be created. Unfortunately, a customized report was not developed by the end of fieldwork.</p> <p>MANAGEMENT RESPONSE: On September 28, 2015 FMC received a 232-page Odyssey departmental user access report which will be used to review existing individual Odyssey user accounts and access. Further, at least annually, FMC will request an Odyssey departmental user access report to review and monitor Odyssey user roles and rights and will maintain documentation related to the review pursuant to this directive.</p>
10 - Employee Access to Odyssey		
<p>In reviewing employee access to Odyssey, we found one of the 20 employees listed in Odyssey that did not work in FMC, but had FMC access rights.</p>	<ol style="list-style-type: none"> 1. At least annually, review access in Odyssey to ensure all employees are current employees and need the allowed access for their job duties. 	<p>NOT RESOLVED: Family Mediation Center did not perform a review of the user roles and rights in Odyssey.</p> <p>MANAGEMENT RESPONSE: On September 28, 2015 FMC received a 232-page Odyssey departmental user access report which will be used to review existing individual Odyssey user accounts and access. Further, at least annually, FMC will request an Odyssey departmental user access report to review and monitor Odyssey user roles and rights and will maintain documentation related to the review pursuant to this directive.</p>

Finding	Recommendation(s)	Corrective Actions Status
1 - No Control Over Voided Receipts		
<p>FMC's procedures manual does not document how voided receipts transactions should be handled. We found that voided receipts do not consistently contain an explanation for the void, an approving signature, or an originating signature. In addition, we found voided transactions with no justifications/comments. Transactions that are voided without proper oversight create an opportunity for theft or errors.</p>	<ol style="list-style-type: none"> 1. Create, implement, and monitor procedures regarding how voided receipts are processed. 2. Transactions voided within Odyssey should require justification and review/approval by another employee. 3. Consider requiring that all receipts collected be processed (real-time) directly in Odyssey and have the system generate a receipt. 4. Newly created procedures should be communicated to front office staff, and training should be provided as necessary. 	<p>RESOLVED: FMC updated policies and procedures to detail handling of void transactions. Void approvals are now approved by management staff, performed by an individual separate from the processing of daily transactions, and documented. We also examined that justification is documented within Odyssey. Receipts are created immediately, and when applicable (with exception to mail & phone payments), a receipt is provided to the client.</p>
2 - Insufficient Segregation of Duties		
<p>The employee that prepares the deposit (which is sent to Family Court Finance to finalize), also processes fee transactions, prepares voided receipts and refunds, updates cases on Odyssey for fees (received, adjusted, and/or waived), reconciles fees received to Odyssey, and processes mail (which may include fee payments as well as customer inquiries on case balances, payments made, and outstanding balances). Allowing one person access to all these functions makes fees collected more susceptible to theft and abuse and less likely to be detected.</p>	<ol style="list-style-type: none"> 1. Separate the function for preparing the deposit from the ability to process transactions. 2. Require a second review and approval of all voided transactions, fee adjustments, and refunds. 	<p>RESOLVED: FMC updated policies and procedures to address segregation of duty issues. Bank deposits are prepared by an employee in the Court Finance department. This employee does not process daily transactions at FMC. Voided transactions, fee adjustments, and refunds are performed by an individual separate from the processing of daily transactions and approvals are obtained from management (as applicable).</p>
3 - Unsecured Cash		
<p>Family Mediation keeps cash collected in the desk drawer of a front office specialist. The key to lock the drawer is kept in the specialist's office with its location known by all three of the front office staff. There are no cameras installed in the front office area that could be used to investigate any losses. Restricting access to cash is essential to preventing loss or theft and identifying responsible parties.</p>	<ol style="list-style-type: none"> 1. Purchase and install a safe in the front office area to be used to safeguard fees collected until deposits are made. 2. Create, implement, and enforce policies on operating and maintaining the safe. 	<p>RESOLVED: A safe was installed and is utilized to safeguard fees until deposits are made. FMC updated policies and procedures to address the maintenance and use of the safe.</p>

Finding	Recommendation(s)	Corrective Actions Status
4 - Fee Processing is not Done Daily		
<p>The front office staff collects money daily. However, the processing of these fees in Odyssey, the reconciliation of the fees to Odyssey reports, and the preparing of a deposit does not occur on a daily basis as detailed by the department's Front Office Procedures Manual. By delaying these processes, funds collected are susceptible to loss or theft.</p>	<ol style="list-style-type: none"> 1. Provide training on procedures to all employees responsible for collecting funds from clients. 2. Monitor front office staff to ensure that departmental fee and deposits policies are being followed. 3. Require a second review of daily reconciliations. 	<p>RESOLVED: Fees are now processed immediately. End of day procedures include reconciling funds collected to Odyssey reports and preparing deposits for collection by Finance. The FMC manager performs a second review of collected funds to the Odyssey report. This second review is documented and the FMC manager signs the daily operating packet to substantiate review.</p>
5 - Deposit Reconciliations not Performed Timely		
<p>The monthly reconciliation between the deposits to the bank and deposits recorded in SAP is delayed. The most recent reconciliation at the time of fieldwork in August 2013 was for the February 2013 activity. In addition, reconciliations between fees recorded in Odyssey and SAP are not being performed. There were differences between SAP and Odyssey fee revenue for all three of the monthly deposits we reviewed. Reasons for the differences included numerous reconciling items as a result of timing differences and fees or credits posted by the bank but not recorded in SAP. At the completion of fieldwork, a few items were still being researched. When reconciliations are not performed in a timely manner, it becomes difficult to investigate or correct any errors.</p>	<ol style="list-style-type: none"> 1. Ensure that monthly reconciliation procedures are being performed by the end of the following month. 2. Develop, implement, and monitor monthly receipt reconciliation procedures between information recorded in Odyssey and SAP. 3. Research and resolve any differences or reconciling items. 	<p>RESOLVED: All reconciliations (bank, SAP, and Odyssey) for March 2015 were performed in a timely manner.</p>

Finding	Recommendation(s)	Corrective Actions Status
6 - Fee Receipt Posting Issues		
<p>Family mediation fees are being adjusted by any of the front office staff without any monitoring. During detail testing of receipts, we found 28 instances in FY2013 and 18 instances in FY2012 (amounting to \$2,160 and \$1,720 respectively) where fees were collected, and adjustments/ discounts/waivers were applied to client accounts without any management oversight or verification.</p> <p>Specifically, we found:</p> <ul style="list-style-type: none"> • 14 instances in FY 2013 and 15 instances in FY2012 (amounting to \$1,120 and \$1,450 respectively) where fees were collected, and adjustments/ discounts/waivers were applied to client accounts without any supporting documentation found in client files. • Two instances in FY2013 and one instance in FY2012 where a lower amount (\$160 total) was entered as a receipt in Odyssey than was listed on the manual receipt (\$430 total). • Five instances in FY2013 and one instance in FY2012 where fees were collected (\$650 total) but no payments were posted to client accounts. • One instance where a refund (\$30) was given using daily cash collected and not processed through Accounts Payable. • One instance where the specialist who collected fees from a client used another specialist's Odyssey account to enter a fee reduction (\$200). <p>Each of these issues could indicate a theft or loss of cash. However, due to the lack of internal controls, we could not determine whether this was the case or who may have been responsible.</p>	<ol style="list-style-type: none"> 1. Provide training on procedures to all employees responsible for collecting funds from clients, including County policy restricting sharing of user accounts or passwords. 2. Monitor front office staff to ensure that departmental policies are being followed and transactions are being entered appropriately and in a timely manner (especially as it relates to fee collection and fee processing within Odyssey). 3. Add a supervisor or second person review requirement for all transactions where discounts/waivers/refunds are being entered in Odyssey. 	<p>RESOLVED: FMC office staff confirmed that user accounts and passwords are not shared among the team. Transactions involving discounts, waivers, or refunds are performed and approved (when applicable) by the FMC manager and an individual separate from the processing of daily transactions.</p>

Finding	Recommendation(s)	Corrective Actions Status
8 - Odyssey Password Policy not Implemented		
<p>The Odyssey application does not have limitations or parameters regarding how passwords are created. In addition, Odyssey does not require that passwords be changed periodically. Clark County Technology Directive 1(section IVC2a1) requires that passwords be at least eight characters in length and consist of two or more of the following: capital letters, lower case letters, numbers, and special characters (%*\$#@!). User passwords should not be common names or phrases. Also, user passwords must be changed every 90 days and not be reused for at least six password change periods.</p> <p>Passwords that are not required to contain certain features, such as length or character type and are not changed periodically are more susceptible to compromise and reduces employee accountability for actions taken with that account.</p>	<ol style="list-style-type: none"> 1. Develop a password policy for the Odyssey system. The policy should include requirements on the length and characters used to create a password. 2. Turn the Odyssey “change password frequency” feature on and set it according to County password policy. 	<p>RESOLVED: IT enabled the 'Use Active Directory/Windows Authentication' feature in Odyssey. This feature provide single sign on features. Once a user signs into Windows, they are automatically signed into Odyssey. This authentication feature follows IT directive 1 password requirements. On 09/17/15, we confirmed through observation that when a FMC user signs into Windows, they are also automatically signed into Odyssey. We also examined updated policies and procedures which include password controls.</p>
9 - Generic User ID Approval Needed		
<p>Per Clark County Technology Directive 1.IV.C.1, generic user accounts deemed necessary may be established upon the approval of the responsible Elected or Appointed Clark County Department Head and the Clark County Chief Information Officer (CIO). We found one active generic user ID for the Odyssey application. However, no written CIO or department head approval documentation was found.</p> <p>The use of generic accounts reduces accountability for actions, and is generally discouraged.</p>	<ol style="list-style-type: none"> 1. Follow Clark County Technology Directive #1 and ensure that CIO and department head approval is obtained when generic user accounts are used. 	<p>RESOLVED: Court IT disabled the generic user ID on June 9, 2015.</p>