



Audit Department

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

December 2, 2015

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

Dear Mr. Burnette:

We recently completed an audit of the Department of Juvenile Justice Services' National School Breakfast and Lunch Grants. The National School Breakfast and Lunch Grant programs are federal programs that provide supplemental funding to support serving nutritionally balanced free lunch and breakfast to three juvenile residential institutions. The residential institutions include the Juvenile Detention Center, Spring Mountain Youth Camp, and Spring Mountain Residential Center, which are under the direction of the Department of Juvenile Justice Services. The objective of this audit was to determine whether the National School Breakfast and Lunch programs were operating in accordance with grant requirements. The last day of fieldwork was September 21, 2015.

Overall, we found that the Department of Juvenile Justice Services complied with the National School Breakfast and Lunch Grant requirements. However, we identified opportunities to improve controls related to the procurement process and system user access. Specifically, we found part-time employees did not complete required civil rights training; application control issues over the Nutrikids application; errors in monthly claim submissions to the State of Nevada; unauthorized vendor charges for fuel; and miscellaneous control issues related to food inventory.

We provided a draft report to the Director and Assistant Director of Juvenile Justice Services for comment. Their response is included in our audit report.

We appreciate the cooperation and assistance provided by the staff and management of the Department of Juvenile Justice Services.

Sincerely,

A handwritten signature in blue ink that reads "Angela M. Darragh".

Angela M. Darragh, CPA
Audit Director



Audit Report

Department of Juvenile Justice Services National School Breakfast and Lunch Grants

November 2015

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

Audit Committee:
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Commissioner Chris Giunchigliani
Commissioner Lawrence Weekly



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REPORT DETAILS

BACKGROUND

The Department of Juvenile Justice Services receives federal funding annually from the National School Lunch and School Breakfast programs. At the federal level, the National School Lunch and School Breakfast programs are administered by the United States Department of Agriculture and the Food Nutrition Service, respectively.

These federally assisted meal programs provide supplemental funding to support serving nutritionally balanced free lunch and breakfast to three juvenile residential institutions. The residential institutions include the Juvenile Detention Center, Spring Mountain Youth Camp, and Spring Mountain Residential Center and are under the direction of the Department of Juvenile Justice Services. On a daily basis, all three centers collectively serve approximately 350 meals for breakfast and 350 meals for lunch to juveniles under their court ordered jurisdiction. Dinner is also served, but is not reimbursable under either of the food programs.

For the period July 1, 2014 through June 30, 2015, grant related food expense and permanent salaries expense amount to approximately \$785,100 and \$117,600, respectively. As of June 30, 2015, the Department of Juvenile Justice Services was reimbursed approximately \$365,000 for breakfast and lunch meals served during the period July 1, 2014 through June 30, 2015.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether the National School Breakfast and Lunch Programs were operating in accordance with grant requirements.

We evaluated program efficiency and effectiveness, management control systems and internal procedures deployed to meet program objectives, appropriate recording and reporting of financial operations related to the grants, accuracy and reliability of reimbursement submissions to the Nevada State Department of Agriculture, and the grant activity's adherence to provisions of local, state, and federal laws and regulations.

In order to achieve our objective we interviewed various personnel involved with grant operations and administration. We observed grant related operations at the Detention Center and Spring Mountain Youth Camp. We examined invoices, receiving documentation, purchase orders, purchase contracts, breakfast and lunch menus, financial system goods receipt information, menu planning application user roles and access, and reimbursement documentation for a selected sample from the period July 1, 2014 through June 30, 2015. We also examined documents supporting requirements for grant operation.



Specifically, we statistically selected at random and tested 62 invoices from the period July 1, 2014 through June 30, 2015 to verify that ordered items agreed to those specified on the corresponding purchasing order, receiving document, and menus. We statistically selected at random and examined an additional 143 invoices from October 2014, January 2015, and May 2015 to verify that purchased items agreed to those specified in a corresponding purchasing contract and receiving document. For the same period, we judgmentally selected and examined 3 of the 12 (25%) monthly reimbursement claims documentation and recalculated submission totals to confirm that the approximately 14,000 meals claimed per month were appropriate. We also examined various grant related expenditure accounts to verify that recorded amounts were reasonable. We identified and examined documentation and procedures in place for satisfaction of grant requirements. Lastly, we tested financial system goods receipts to verify that adjustments were reasonable.

In some cases, samples selected were not statistically relevant. However, we believe they are sufficient to identify findings related to the population. Our review also included an assessment of internal controls in the audited areas. Any significant findings related to internal control are included in the findings, recommendations, and management responses. The last day of fieldwork was September 21, 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.

CONCLUSION

Overall, we found that the Department of Juvenile Justice Services complied with the National School Breakfast and Lunch program requirements. However, we identified opportunities to improve controls related to the procurement process and system user access. Specifically, we found:

- Part-time employees did not complete required civil rights training;
- Application controls over the Nutrikids application, used to plan menus, could be improved;
- Errors in monthly claim submissions to the State of Nevada;
- Unauthorized vendor charges for fuel; and
- Miscellaneous control issues related to the food inventory.

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 – PART-TIME EMPLOYEES DID NOT RECEIVE CIVIL RIGHTS TRAINING (MEDIUM)

Two active part-time employees did not complete Civil Rights training. The National School Breakfast and Lunch Programs require that the sponsor, in this case the Department of Juvenile Justice Services, comply with Civil Rights Compliance requirements. This includes adequate Civil Rights training for all employees involved with the programs. Non-compliance with this requirement could result in grant nullification.

AUDITOR'S RECOMMENDATION

1. Require part-time employees to complete Civil Rights training.
2. Perform an annual review of training records to verify completion of Civil Rights training.

MANAGEMENT RESPONSE

This recommendation is completed. We are also monitoring the completion of the civil rights training as an ongoing process now. DJJS will review the completion of training and also the State Department of Agriculture reviews DJJS compliance with all aspects of the School Lunch Program and helps DJJS ensure compliance.



FINDING 2 – WEAK APPLICATION CONTROLS FOR NUTRIKIDS (LOW)

We found several weaknesses in application controls in the department’s menu planning application, Nutrikids. These include the following:

- A terminated employee continued to have active access to Nutrikids.
- Four of seven (57.1%) Nutrikids users are generic and not assigned to a specific individual.
- Three users were granted administrative user rights, with more access than needed for their job duties (42.9%).
- Only two of seven (28.6%) users have passwords established, and they do not meet Clark County Information Technology directive No.1 § (IV)(C)(2)(a)(1). The remaining users do not use passwords.

Clark County Information Technology Directive Number 1 requires adequate controls over applications including disabling terminated employees, requiring passwords for access, specifying minimum password requirements, prohibiting use of generic accounts, and establishing user access standards. Inadequate application controls leave Nutrikids menu data vulnerable to unauthorized changes, potentially causing meals to be non-reimbursable.

AUDITOR’S RECOMMENDATION

1. Disable Nutrikids access for the terminated employee.
2. Disable generic user accounts or obtain approval in accordance to Clark County IT Directive No.1.
3. Review and update level of access and user types to adhere to Clark County IT Directive No.1.
4. Require users to follow password policy requirements from Clark County IT directive No.1.
5. Perform annual reviews of user access.

MANAGEMENT RESPONSE

Recommendations are completed. For item 2, specific accounts are assigned to specific individual staff members (culinary staff and financial staff who are responsible for food services to DJJS).



FINDING 3 – ERRORS IN MONTHLY CLAIM SUBMISSIONS (LOW)

The Department of Juvenile Justice Services is responsible for submitting accurate claims of reimbursement for breakfast and lunch meals served at their three residential child care institutions each month. The State of Nevada reimburses \$1.93 for every breakfast meal served, and \$3.06 for every lunch meal served.

We judgmentally selected and reviewed three of the 12 (25%) monthly reimbursement claims during the audit period (October 2014, January 2015, and May 2015). We identified calculation errors in the October 2014 and May 2015 reimbursement submissions to the State of Nevada Department of Education. The error resulted in 96 unclaimed reimbursable meals in October 2014 totaling \$185. Total meals claimed for the month of October 2014 were 14,073, for an error rate of 0.6%. In May 2015, 27 reimbursable meals were unclaimed and 16 additional meals were claimed in error for a net under claiming of meals of \$41. Total meals claimed for the month of May 2015 were 14,236, for an error rate of 0.3%. For the month of May 2015, we found that support for meals claimed on the reimbursement submission was not documented consistently. Specifically, we found that the number of meals claimed on the Placement Statistics sheet (which shows counts of juveniles that went through the food line) did not always agree with the Daily Production Record (which shows meal counts and what was served at each meal in more detail).

Undetected errors with monthly reimbursement calculations will result in under or over claiming of reimbursement funds. In addition, inconsistent supporting documentation for meals claimed could result in meals claimed being denied if identified during an audit by the State. Errors place the department at risk of becoming non-compliant with grant program requirements, potentially jeopardizing funding. We believe the errors were simple mistakes in the calculations. An independent review of the submissions would catch the errors and reduce the risk of improper claims.

AUDITOR'S RECOMMENDATION

1. Require that a second individual or supervisor review and approve monthly submissions.

MANAGEMENT RESPONSE

The recommendation is completed. The analyst that creates the submissions has the manager or assistance director review and sign off on the monthly claims. The claims process has been set up such that it cannot be submitted without the second sign off.



FINDING 4 – UNAUTHORIZED FUEL CHARGES FROM VENDORS (LOW)

Three vendors are including a fuel cost on the invoice for each delivery. According to the contracts, the vendor is responsible for all freight charges, and prices include delivery. For the period July 1, 2014 through June 30, 2015, the County was overcharged \$1,120 for fuel charges. The Department of Juvenile Justice Services did not adequately review invoices for compliance with the contract before processing for payment.

AUDITOR'S RECOMMENDATION

1. Request a refund from vendors adding fuel charges in violation of contract terms and conditions.
2. Review all invoices for compliance with contract terms and conditions before processing for payment.

MANAGEMENT RESPONSE

The process has been initiated to request refunds for fuel charges. Culinary staff who receive orders are to review the invoices for unauthorized charges and the financial staff at DJJS that process invoices also now review the documents for unauthorized charges, including unauthorized fuel charges.



FINDING 5 – MISCELLANEOUS INVENTORY CONTROL ISSUES (LOW)

Our review of inventory and procurement procedures and the Detention kitchen and the Spring Mountain Youth Camp (SMYC) kitchen found the following miscellaneous issues related to inventory:

- Kitchen employees keep inventory keys on personal key rings, taking the keys home each night, so the keys are unavailable to other staff.
- The same kitchen employee at both the Detention kitchen and the SMYC kitchen often places the food orders and receives the shipments. An employee independent of the person placing the order should receive the items to reduce the risk of errors.
- Detention staff is sometimes busy serving meals, and are unable to verify vendor deliveries. In these cases, staff do not count or verify the delivery until an individual is free, after the delivery driver has left the facility. This could result in disagreement with the vendor over the quantities delivered.

AUDITOR'S RECOMMENDATION

1. Require all staff keep inventory keys on property for use by other staff members, if necessary.
2. Require that a person independent of the ordering process accept and verify all deliveries as they are delivered.

MANAGEMENT RESPONSE

This recommendation is completed. Locks to culinary staff offices at the Spring Mountain Residential Center and Spring Mountain Youth Camp were changed and access to those keys are restricted to culinary staff and the manager at each site. The culinary areas were re-organized, one culinary supervisor will order for both the Spring Mountain Youth Camp and Detention center and lead culinary staff will receive deliveries.