

# MEMORANDUM

Jeremiah P. Carroll II, CPA  
Director

## AUDIT DEPARTMENT

**TO:** Charles J. Short, Court Executive Officer  
**FROM:** Jeremiah P. Carroll II, Director *JPC*  
**SUBJECT:** Clerk's Office Observation  
**DATE:** January 24, 2007

As requested, we observed the change over of the Clark County clerk's office to District Court effective January 16, 2007. Our procedures included reviewing key controls, observation of cash count, deposit and cash drawer close out procedures, reviewing contents of the safe and reviewing the duties of the Drug Court clerk and the Financial Office Assistants. These observations and procedures do not represent a complete examination of the clerk's office and should not be construed as an audit of the clerk's office.

### Control Issues

~~Key controls were virtually non-existent. Keys to sensitive areas such as cash drawers and the safe room were left in unlock drawers.~~ Cash draw keys should be assigned to the individual cashiers and kept by these individuals when ever money is present in the cash drawer.

~~One person was left alone in the count room to count the daily cash.~~ The daily cash count should include at least two individuals at all times. ~~One individual should never be left alone with uncounted funds.~~

At times, the office will receive payments that cannot be posted to the system because the case information has not been entered into the system. The office will receive the funds but this money is aloud to "float" until the case information is in the system. At that time, it will go through the deposit process. In the meantime, the cash or check remains with the cashier who took the funds, it is not locked up, and no documentation is kept of its existence. A holding account should be created in Blackstone so that these funds can be properly receipted and controlled.

The daily bank deposit was left in an unlock drawer until the armed carrier service came to pick up the deposit. All deposits should be kept locked in the safe and retrieved only when the armed carrier service arrives to pick up the deposit.

The financial office assistants perform the receipting of funds as well as the responsibility for posting to the case financial records and reconciling the accounting records. This creates a segregation of duties issue. Ideally, the legal clerks working the front counter should have the responsibility of receipting the funds and the financial office assistants the responsibility of posting and reconciling the accounting records.

The closing audit procedures are done in the open. The cashiers are counting money in public view with the funds sitting on the individual's desk. Additionally, this is a high traffic area with personnel from the front windows and other areas. These individuals would have access to the funds as they move about in the performance of their duties, thereby increasing the risk

that unauthorized personnel would have access to the funds. To reduce this risk, the audit, count, and deposit should all be done in a secured location. The human resources office in the back would be an ideal location.

Please note that many of these control weaknesses have already been corrected with procedural changes made by Barbara Bell and Jeff Adams.

#### Other Issues

The safe used by the clerk's office is old, falling apart, and needs to be replaced as recommended by the locksmith.

~~The trust funds are currently tracked using a manual system that is unreliable and not reconciled. This process needs to be automated so that the account can be reconciled on a monthly basis.~~

The clerk's office does not have written policies and procedures.

~~The Blackstone system is archaic and needs to be replaced. The reporting function is poor and the system does not provide a means of reversing revenues when checks that were originally accepted and posted to revenue are returned by the bank due to non-sufficient funds. We recognize that the Court is currently in the process of replacing Blackstone with a new case management system with an implementation date of early 2008.~~

An inventory of items contained in the safe was provided by the outgoing clerk. We compared the contents of the safe with the list of inventory items provided and noted the following differences.

We could not locate the following items that were included on the inventory list:

Wiznet/DA/Clerk Contract for E-File Lite, dated 3/29/04 – Original

Wiznet/PA/Clerk Contract for E-File Lite, dated 8/06/04 – Original

Wiznet/PD Purchase Order for E-File Lite through 6/30/06

CD date 5/9/85 – A214997

(3) Out cards re: Case #T33399 & D149228 (2)

International Stock Certificates

Additional items were located in safe but not listed on the inventory list:

1 bank bag containing \$54 in bills and \$2 in coin

Envelope containing old safe combination numbers

Envelope containing \$220 titled "Marriage Licenses for Centennial Couples"

9 2 cent stamps

1 box containing recent contents

The Minimum Accounting Standards apply to all court personnel. These standards should be reviewed in the near future to ensure that procedures adopted in the clerk's office comply with the standards.

cc: Jeff Adams, District Court Department Fiscal Services Administer  
Barbara Bell, Justice Court Office Services Manager