

Audit Report Highlights

Juvenile Court – Cash Collection Audit

January 2020

Total Potential Recoveries¹ = \$55,596.71

Total Cost Savings² = None

Average Annual JC Budget³ = \$55.8 million

County Annual Budget³ = \$1.4 billion

Why DIA Did This Audit

DIA selected to audit JC's cash collection procedures as part of the 2018 audit plan based on a request from the Court Administration, which saw an opportunity to improve their processes.

This report provides the Department of Internal Audit's (DIA) results and recommendations related to internal controls and operational procedures in place around the collection of payments made at the Juvenile Court (JC) Cashier's Office during the audit period of January 1, 2018 through December 31, 2018. The purpose of this audit was to ensure:

- Adequate controls and segregation of duties were in place over the collection, storage, recognition and deposit of revenue in the JC Cashier's Office.
- Court fines and fees were properly assessed and applied in accordance with JC Rules and Ohio Revised Code.
- Cash management software reflects actual cash received and properly categorizes the cash to the correct fund.



What DIA Found

DIA identified a number of inefficient processes and controls weakness relating to duties performed by the JC Cashier's Office, as they had suspected. Many of these issues were related to problems with the court's case management software, iCase. Some of the noteworthy issues are listed below:

- Segregation of duties issues relating to end-of-day cash counts, reconciliations, checks written, and preparations for deposits.
- The iCase software used by the Cashier's Office did not always distribute the payments into the correct funds. In addition, iCase provided inaccurate records and reports. This caused the Cashier's Office staff to keep a separate Excel spreadsheet as the actual system of record and make manual corrections to reports generated by iCase on a daily basis.
- There was approx. \$2,800 variance of book balance over physical support for active bonds held by the Cashier's Office, pending return to payor or forfeiture. Included in the physical support total was approx. \$6,000 in old paperwork from bonds paid prior to the 2009 implementation of iCase. iCase reports on outstanding bonds was not found to be accurate.
- Cashiers were performing functions outside their job duties, taking time away from their essential functions.

"What DIA Found" continued next page.

¹ The amount that could potentially be recovered from amounts owed on 2018 dispositioned cases with an implemented Accounts Receivable function within the Juvenile Court.

² The amount the County could potentially save annually by implementing DIA's recommendations. Cost savings may not be identified.

³ JC's annual budget was taken from the updated 2019 budget approved by Council in December 2018. The County Annual Budget includes operating appropriations from all County funds.

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Juvenile Court – Cash Collection Audit

January 2020

Background

The JC's Cashiers Office is responsible for collecting and accounting for all payments for the filing of motions, assessed court fines and costs, being a satellite collection point for child support payments, and cash personal bonds for individuals in custody. They also disburse the collected funds to the proper agency or individual.

The JC Cashier's Office collects approx. \$1.3 million a year in cash, check, and credit card payments (excluding child support payments).

JC Cashier's Office, along with many other divisions within the JC, uses iCase as their system for recording payments on cases and iCase auto distributes the payment to the funds used for accounting and disbursement.

DIA commends the JC Clerk's Office for recognizing possible segregation of duties issues in their Cashier's Office and being proactive in contacting Internal Audit seeking solutions.



What DIA Found (cont'd)

In addition, there were control weaknesses associated with the operations in the Cashier's Office.

- Not tracking cash maintained in the safe or tracking amounts and instances of cashiers out of balance for the day.
- During the bank reconciliation testing, the list of outstanding checks was not accurate and transactions in the credit card system did not match iCase payments.

What DIA Recommended

DIA provided Juvenile Court management with recommendations for sound internal controls. We communicated these recommendations during the audit to lessen potential risks related to the cash collection process and to help move JC Cashier's Office toward a more accountable, efficient and productive operation.

JC has already implemented many of the recommendations made during the audit and is working to address findings and recommendations in this report. Based on their responses, we believe corrective action will be taken to mitigate the risks identified. Management responses follow each recommendation in the report. We recommended they:

- Have someone who is not collecting money throughout the day review and sign off on cash reconciliations and deposits.
- Work with their IT department to resolve all issues relating to iCase so the Cashier's Office can rely more on the system as opposed to separately maintained books and ensure funds are distributed accurately.
- Get a ruling on disposition of old outstanding bonds and have an alert notify staff if there is an active bond prior to case disposition.
- Re-evaluate and allocate some of the non-related job functions to the appropriate divisions.
- Begin tracking money in the safe and any instances of employees being out of balance.
- Revise reconciliation process and compare iCase to credit card system to make sure payments are properly recorded in both systems.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Cash Collection – Cashier’s Office
Cuyahoga County Court of Common Pleas
Juvenile Division
January 1, 2018 – December 31, 2018



Director of Internal Auditing: Monica Houston,
CPA, CGMA, CFE, CIDA

Audit Manager: Rose Karam, CFE, CIA

Staff Auditors: Jeremy Hejnal, CIA
Tim Verba, CGFM

INTERNAL AUDIT REPORT
Cuyahoga County Juvenile Court – Cash Collections
Cover Letter



January 18, 2020

To: Court Administrator Terease Neff, Legal Counsel Mark Majer, and Director of the Clerk of Court Linda Brooks:

In December 2018, Juvenile Court’s Director of the Clerk of Court and Legal Counsel requested the Department of Internal Audit’s services to review the Juvenile Court’s cash collection, handling, deposit and recognition procedures. The Juvenile Court management requested an audit since they had determined there were weaknesses in their internal controls and wanted assistance with both the known and unknown inefficiencies or risks. The rationale for this request was multifaceted: to promote productivity within the Juvenile Court’s cash collection process, promote compliance with applicable law, mitigate the number of opportunities for fraud and maintain the public’s trust that funds remitted to Juvenile Court are properly utilized.

Our main objectives were to ensure that adequate controls were in place over the collection, storage, recognition and deposit of cash/revenue in the Juvenile Court. We assessed and reviewed these controls to ensure funds were received and accounted for accurately.

Our audit procedures confirmed internal control deficiencies related to cash collection. Findings included weaknesses in segregation of duty controls as well as inaccurate financial data within the Cashier’s Office case management software iCase. This report provides the details of all our findings. We are confident corrective action has been taken or will be taken to mitigate the risks identified in this audit report.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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 objectives.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our sincere appreciation to the Juvenile Court's staff and management, and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to the Juvenile Court's management for review. Management responses are included within the audit report.

Respectfully,

A handwritten signature in black ink that reads "Rose M. Karam". The signature is written in a cursive style with a large initial "R" and "K".

Rose M. Karam, CFE, CIA
Interim Director

Cc: Cuyahoga County Council
Bill Mason, Chief of Staff
Greg Huth, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor

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Glossary

ADR	Alternative Dispute Resolution. Mediation program available for Juvenile offenders and victims.
CARL	Cashiering Accounts Reconciliation Log. Juvenile Court's Cashier's spreadsheet used for bookkeeping.
ERP	Enterprise Resource Planning.
GAL	Guardian ad Litem. Individual appointed by the Court to represent the best interest of a child when parents cannot agree on an allocation of parental rights and responsibilities.
iCase	The Juvenile Court's case management system that records a variety of case information such as case parties, court appearances, charges, motions, journal entries, assessed fees and payments.
IT	Information Technology.
ORC	Ohio Revised Code. The codified general laws of the State of Ohio.
Point & Pay	Credit Card transaction provider that processes financial transactions for the Cuyahoga County Clerk of Courts.
REDSS	Regional Enterprise Data Sharing System. (Note: This is now CJIS – Criminal Justice Information Sharing.)
VARP	Victim Aid Restitution Program. A Program available for juveniles to earn money through community service to pay restitution to victims.

Report Details

Purpose

The purpose of this audit was to conduct a comprehensive examination of the cash collection process of Cuyahoga County Juvenile Court's Cashier's Office.

The audit was performed to assess the adequacy of controls and procedures for the collection, storage, recognition and deposit of cash and revenue in the Juvenile Clerk of Courts Cashier's Office. We conducted our review through inquiry, document review, compliance research and on-site observation of Cashier's Office cash collection and recording process. DIA tested for the accuracy of cash collection records to cash actually collected, as well as the adequacy of controls designed to promote accurate cash collection and prevent theft, fraud and mistakes.

The audit included review and evaluation of procedures, practices and controls as deemed necessary.

Audit Objectives

The objectives of this audit were to determine whether the Cashier's Office:

- Maintained written policies and procedures to ensure consistency of operations and set a standard level of guidance.
- Implemented adequate controls to prevent mismanagement of cash collected, including segregation of duties.
- Cash collection was accurately recorded, securely stored, deposited and accounted for in accordance with applicable Ohio law.
- Cash management software reflects actual cash received and properly categorizes the cash to the correct fund.

Scope

To accomplish our objectives, we focused on the internal controls of the Juvenile Court's cash collection process, as well as the Cashier's Office's compliance with Ohio law applicable to cash collection and deposits. This audit covered the Cashier's Office activity for the period January 1, 2018 through December 31, 2018.

Methodology

Control conscious environment

Adequate level of internal control awareness; proper separation of duties; existence of a proper monitoring system; appropriate authorization/approval of expenditures; and adequate safeguarding of financial, physical, and information assets.

DIA focused on the internal controls of the cash collection process of the Cashier's Office, the accuracy of cash collection records compared to amounts collected, and reviewed the level of compliance with relevant Ohio law. DIA conducted interviews with management and staff along with general walk-throughs of the cash collection, storage and accounting processes. This work allowed DIA to gain an understanding of the processes in the Cashier's Office, document the controls in place, compare the process to applicable law, test cash collection and bank records for accurate amounts, determine whether funds have been allocated to correct funds and assess the extent of written policies and procedures.

DIA reviewed cash collection and retention records by obtaining records of money placed in its safe to determine if adequate controls were in place and whether the records are accurate. DIA also obtained paper records of cash bond payments for juveniles and compared the paperwork completed for bonds against that found in the Cashier's Office bookkeeping system to determine any discrepancies in records of cash received.

DIA observed staff collecting, reconciling and depositing cash payments to assess whether effective segregation of duties exist. The Cashier's Office check writing procedures were also evaluated for proper segregation of duties. By observing the staff's daily activities, DIA was also able to assess whether the Cashier's Office was performing duties within the scope of its department.

Background

The Cashier's Office is part of the Clerk of Court of the Juvenile Court. The Cuyahoga County Juvenile Court ("Juvenile Court") is the second court of its kind in the U.S., modeled after the original juvenile court from Cook County, Illinois. It was established in 1902 as the Insolvency & Juvenile Court specifically for juveniles, focusing on treatment and rehabilitation rather than punishment. The jurisdiction of the Juvenile Court allows it to adjudicate matters involving crimes committed by children and other matters as specified in ORC 2151.23. Its Mission Statement is "to administer justice, rehabilitate juveniles, support and strengthen families, and promote public safety." The Court currently has six judges and twenty-one full time magistrates: 2 magistrates for each judge and 9 additional magistrates who can hear cases for multiple judges.

The Clerk of Court of the Juvenile Court performs a wide range of administrative duties for the Court such as filing documents, managing the docket and maintaining records. The Cashier's Office is a division of the Juvenile Clerk of Court. It is designed to be at minimum a three-person department, with a Fiscal Officer 1 (Supervisor), Fiscal Review Officer (2nd Cashier), and a Cashier.

The main duty of the Cashier's Office is to collect money for the Juvenile Court. This collection includes court costs and fines assessed by judges and filing/notary fees for motions and legal documents filed in cases as set by ORC. Money can also be received for actions such as unruly children or power of attorney. The Cashier's Office performs necessary reconciliations for the money received and prepares money for deposit at the bank. They also perform various other duties including distributing bills and disbursing physical payroll checks.

Since 2015, the Cashier's Office also accepts child support payments in cash in addition to the cash, check, money order, and credit card payments they accept for case filings, court costs, restitution and bonds. Payments are received and logged in iCase where they are allocated to the appropriate fund (GAL, ADR, etc.).

The Cashier's Office is also responsible for inputting Victim Aid Restitution Program (VARP) credits. If a juvenile owes restitution, they may be offered the chance to do community service in exchange for lowering the amount of the restitution. The Cashier's Office receives the signed forms from the community service program and the Cashier's Office Supervisor will manually adjust in iCase the amount of restitution a person owes on a case.

Commendable Practices

DIA commends the Juvenile Court Administration for recognizing an opportunity to improve the internal controls within the Cashier's Office, and being proactive in voluntarily seeking the assistance of DIA to help shore up those controls. In December 2018, Juvenile Court's Legal Counsel and the Director of the Clerk of Court diagnosed a need for greater internal controls in its cash collection process and on its own accord requested that DIA conduct a review. It is admirable of the Juvenile Court to recognize it may have room for improvement and then act to remedy potential issues.

DIA further commends the Juvenile Court Administration for its cooperation throughout the entire audit process. The Court Administrator, Director of Juvenile Clerk of Court, Legal Counsel and the Cashier's Office staff worked with DIA to address its concerns and provide information necessary to evaluate the cash collection processes of the Cashier's Office.

Priority Level Criteria for Recommendations

High (P1)	<p>Highest-Ranking Officer's immediate attention is required. Corrective action is strongly recommended (<u>30 days</u>).</p> <ul style="list-style-type: none"> • Financially material loss or potential loss • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County's reputation or public perception
Moderate (P2)	<p>Senior Management's attention is required. Corrective action is recommended (<u>90 days</u>).</p> <ul style="list-style-type: none"> • Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County's reputation or public perception
Low (P3)	<p>Management's attention is required. Corrective action is recommended (<u>180 days</u>).</p> <ul style="list-style-type: none"> • Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County's reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according the table above.

Findings and Recommendations

FINDING Juvenile Court's iCase Software Needs Improvement

The Juvenile Court uses iCase as their case management software to record: case parties, court appearances, charges, motions, journal entries, assessed fees, and payments. iCase is maintained by the Juvenile Court IT Department. The Cashier's Office pulls several reports from iCase on a daily basis. The Main Cashiering Report shows the payments received for the previous day and how iCase split the payment into the various funds the Cashier's Office is responsible for maintaining. The Daily Balancing Report shows the amount and type of payment received, by case, for each cashier. The Traffic Receipt Report shows the same information as the Main Cashiering Report but only for traffic cases.

iCase Issues Relating to Inaccurate Reports and Unidentified Monies

DIA noted the following issues relating to iCase and reports obtained from iCase:

- Although different Juvenile Court departments use other modules of the software, the Cashier's Office uses iCase primarily for recording payments received from customers (court costs, fees, bonds, etc.) and allocating the money to the appropriate funds. After payment is received and information entered, iCase auto-distributes the payment to the applicable funds based on the Court's fee schedule and programming; this auto-distribution is not always accurate.

Correcting the report requires the Cashier's Office to make time-consuming manual adjustments to the Main Cashiering and Traffic Receipt Reports on a daily basis. For the month of November 2018 alone, there were manual adjustments made on 19 of 19 working days (See Table 1 for dollar value of funds that were adjusted). This report has been incorrect for years.

- The Cashier's Office collects payments from customers. Any amount of the payment that exceeds assessed costs is defaulted by iCase into an account named *Unidentified*. Customer overcharge is the most common reason for an entry into *Unidentified* on the Cashiering Accounts Reconciliation Log (CARL) spreadsheet. If an overcharge occurs now, the Cashier's Office refunds the money via check to the payor. However, in 2018, there were 311 unidentified entries to the Cashier's Office spreadsheet, totaling \$9,242.
- DIA requested an Unidentified Money report from Juvenile Court IT, as well as a listing of cases when money was disbursed to the Regional Enterprise Data Sharing System (REDSS) when House Bill 562 fees for traffic offenders were not assessed. These reports were not received.

- iCase was incorrectly distributing money to REDSS on traffic-related cases where it's a traffic case but the juvenile is not found to be a traffic offender.
- For November 2018, although the dollar adjustments made to Main Cashiering Report impacted 15 funds, the net variance was only \$633, with the amounts ranged from -\$3,213 to \$3,901.
- November 2018, adjustments to ten funds in the Traffic Receipt Report netted to zero, although the variances ranged from -\$249 to \$104.

Juvenile Court's IT Department has been aware of the issue relating to the improper allocation of funds on the Main Cashiering Report for some time and the time-consuming manual adjustments needed. As of this report date the iCase issue has not been rectified.

iCase Allocating Funds to Unidentified Account

ORC 2335.34 states that each year the Clerk of the Common Pleas Court must make two certified lists of money which has remained in the hands of the court.

ORC 2335.35 further states *"All unclaimed moneys, other than costs, remaining in the hands of the sheriff from the expiration of thirty days from the ending of the time of advertisement as provided by section [2335.34](#)*

of the Revised Code, shall be paid by such officer or his successor to the county treasurer, on the order of the county auditor.



There are instances of iCase sending collected monies to *Unidentified* when none should have been distributed there. This makes reviewing unidentified money more difficult and an inefficient use of time. DIA noted the following issues relating to Unidentified monies:

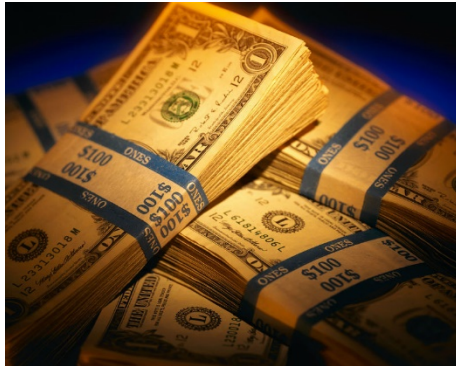
- There is approximately \$4,000 shown on the Cashier's Office books (CARL) as unidentified, relating to older cases. Much of this amount is believed to be court costs and needs to be sent to the Treasurer's Office. There is no complete listing of cases this money is associated with.
- Four of the 311 entries (1%), totaling \$80, were shown as unidentified for cases on the books maintained by the Cashier's Office (CARL), when the payment had already been reversed in iCase and sent to mediation.

iCase Incorrectly Distributed REDSS Money

ORC 2949.093 (C) states in part:

"A county that elects to participate in a criminal justice regional information system shall obtain revenues to fund its participation by establishing an additional court cost not exceeding five dollars to be imposed for moving violations that occur in that county." Section (D)(2) further states "a juvenile traffic offender for an act that is a moving violation occurring in a county participating in a criminal justice regional information system shall impose the sum established by the board pursuant to division (C) of this section as costs in the case in addition to any other court costs that the court is required by law to impose upon the juvenile traffic offender."

The Regional Enterprise Data Sharing System (REDSS) is the county's criminal justice regional information system. The Court assesses a \$5 court cost when a juvenile is found to be traffic offender. When money is received by the Cashier's Office for traffic fines, fees, and court costs, iCase auto distributes the payment to the applicable funds. On a monthly basis, the Cashier's Office will disburse all of the money collected for REDSS to the County Treasurer. However, if the juvenile is not found to be a traffic offender by the court, REDSS is not entitled to any moving violation fines.



DIA noted 41 cases in November 2018 in which \$5 of court costs paid was distributed to REDSS when the juvenile was not found to be a traffic offender. As a result, the Juvenile Court overpaid REDSS \$205 for that month. Cashier's Office personnel had no explanation why iCase was distributing money to REDSS on cases when it was not assessed. The Cashier's Office was aware that iCase makes errors in distributing money between funds but did not know why.

iCase Generates Case Numbers After Funds are Received for that Case

The Cashier's Office accepts payments from customers for the filing of motions on cases. All payments received are recorded within iCase. When starting a new case, a case number within iCase is not immediately available. There are no statutory requirements that govern the time limit for entering information into the system after filing. The Supreme Court of Ohio in Desktop Guide for Juvenile Court Clerks recommends juvenile courts complete data entry within one business day of the filing.

Customers often go to the Cashier's Office right from the courtroom to make a payment after filing new motions or starting cases. When a case number is not available at the time of payment, the Cashier's Office employees will record the payment on a manual receipt for the customer and hold the funds, usually for a day or

two, along with a copy of the manual receipt. The money is kept in the Cashier's Office safe, until an iCase number is available, at which time the Cashier's Office will record the payment in iCase and deposit the money the following business day. Once the payment is recorded in iCase a receipt is printed and a copy of the manual receipt is stapled together with it and maintained. ORC 9.38 states in part that all moneys received should be deposited by the business day following the day of receipt if the total amount exceeds one thousand dollars. If less than one thousand dollars the deposit needs to be made within three business days. This is intended to safeguard the public monies.

The Cashier's Office does not deposit new case money until iCase has assigned a number for the payment to be associated with. The Cashier's Office does not have a written policy regarding the deposit of funds.

At the end of the workday the Cashier's Office employees reconcile to iCase reports that show the amount of cash, checks, and credit card payments received by each cashier. Because payments received without case numbers are not recorded in iCase until they are deposited the following day, the cashiers do not include this in their daily balance. A meeting with Juvenile Court IT verified that iCase could be configured so case numbers could be assigned immediately to resolve this situation. As of the date of this report, this has not occurred.

Risk to the County if Not Corrected

Having funds allocated incorrectly by iCase requires time and effort for the cashiers to manually correct the entries. Also, because the fund balances are incorrect, the Cashier's Office must maintain a separate spreadsheet (CARL) to record their book balance. Maintaining multiple spreadsheets increases the risk of error related to making manual entries for the book balance without a system total to which it can be reconciled. Inaccurate and untimely reports from iCase take more of the cashiers' time to review and makes it more difficult to determine if the cashiers' records are correct.

Lacking a complete and accurate statement of monies listed under *Unidentified*, the Cashier's Office has an increased risk that the money should have been listed in accordance with ORC 2335.34-.35 for either return to a payor or paid to the Treasurer's Office. Without a complete and accurate list, the County is at an increased risk for inaccurately stating collected funds as well as customer overpayments.

REDSS money is being allocated in error, causing the Court to be out of compliance with ORC 2949.093 (C). In addition, the books are incorrectly stated and the County is overpaying the fund.

Assigning case numbers after money has already been received subjects it to loss. It is an inefficient use of the cashiers' time and having two receipts with different dates for the payments (manual and system-generated) can cause confusion and inaccurate records.

Recommendations

1. (P3) The Cashier's Office should work with IT to find and correct the issue of iCase auto-distributing money to the wrong funds using the established distribution hierarchy. Once corrected, more reliance can be placed on the automated system and the Cashier's Office can use iCase reports as the basis for disbursing funds and performing the bank reconciliation, eliminating the manual tracking currently used.

Management's Response: *The Juvenile Court's Information Technology (IT) Department and the Cashier's Office have been working to resolve this issue. The Main Cashiering Report was generating several errors in all case types, i.e. delinquency, custody, child support, traffic, and mis-allocating funds into the unidentified account, etc. Some errors were a result of the hierarchy of funds distributed to each account. In July of 2019, the IT department made hierarchy updates and corrections to the report. Upon reviewing the report after the corrections, the Cashier's Office personnel reported a significant decrease in errors; however, issues still exist with inaccuracies for some case types. Funds were still being mis-allocated into the unidentified account.*

The Court has been faced with the challenge of hiring qualified IT staff to assist with our programming needs. As a result, the Court has operated shorted staff within the IT Department for several years. Considering this matter, coupled with unforeseen and other demanding IT priorities, the report has not been completely corrected.

The risk that this issue causes the county is well taken; therefore, the Court is committed to make the necessary corrections to the Main Cashiering Report to eliminate the need for the Cashier's Office staff to manually make adjustments, maintain separate spreadsheets, avoid errors, and ultimately improve overall functioning for efficiency.

Implementation Date: *The priority level criteria for this recommendation has been categorized as low (P3), whereas corrective action is recommended to be completed within 180 days. Attention to this matter will be dedicated to completing this task within the recommended timeframe.*

2. (P2) The Cashier's Office should work with IT until a resolution is found and iCase no longer mis-allocates funds to *Unidentified*.

Management's Response: *One of the programming issues within the Main Cashiering Report is mis-allocating funds into the unidentified account. The*

information provided under the management response for recommendation #1 applies to this issue as well. Once the Main Cashiering Report has been corrected, this issue will be resolved.

The priority level criteria for this recommendation has been categorized as medium (P2), whereas corrective action is recommended to be completed within 90 days. On March 9, 2020, Ohio Governor Mike DeWine issued Executive Order 2020-01D, "Declaring a State Emergency" in response to the growing COVID 19 public health crises. As a result of the Governor's Executive Order, the Court has been operating with a reduced workforce since March 16, 2020.

NOTE: Hereafter this will be referred to as the COVID situation.

Implementation Date: Meeting the recommended deadline of 90 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible.

- 3. (P2) The Cashier's Office needs to research and identify old monies in Unidentified to either transfer to court costs, return to payor or post as unclaimed funds, per ORC 2335.34-.35.**

Management's Response: In 2008, there was an issue in iCase on all new filings, whereas the system was distributing a portion of court costs funds into the unidentified account. The amounts varied i.e. \$27.00, \$20.00 and \$13.00.

Once the issue was corrected in iCase, the Cashier's Office personnel manually adjusted many of the cases that were affected, which took a considerable amount of time to complete. The funds were moved from the unidentified account to court costs and then disbursed to the Treasurer's Office. There were many cases where iCase would not allow manual adjustments. The funds were logged in CARL as unidentified, which currently shows a balance of \$4,526.23. These funds are from the old cases that were never adjusted in 2008.

Due to time lapse and the inability to locate appropriate documentation from the former Cashier's Office management personnel, the current management personnel were unable to determine case numbers associated with the unidentified funds.

Implementation Date: The court has documented this issue and will send the unidentified funds as court costs to the County Treasurer's Office in the amount of \$ 4,526.23 as soon as possible.

- 4. (P2) On a weekly basis the Cashier's Office should either receive a report from Juvenile Court IT or run a report from iCase that shows money distributed to Unidentified. They can then identify items in a timely fashion to make sure funds have been properly disbursed and posted on accordance with ORC 2335.34.**

Management's Response: *The Main Cashiering Report contains information regarding unidentified funds. The Cashier's Office personnel does have access and currently reviews this report daily to identify items to make appropriate adjustments. Once IT corrects all errors in the report, the Court can consistently comply with the requirements of ORC 2335.34.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 90 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible.*

5. (P2) Juvenile Court's IT department should correct iCase so \$5 is not distributed to REDSS if the juvenile has not been found to be a traffic offender by the court and the charge was not assessed. This may also include reviewing the fee structure for traffic moving violations to see if having the \$5 as part of court costs is allowable by ORC 2949.093.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: *Programming modifications were made to iCase to resolve this issue, which was completed on September 25, 2019.*

6. (P3) The Cashier's Office should obtain a full listing of cases in which \$5 was incorrectly distributed to REDSS in 2018 and 2019 by iCase. This should be communicated to REDSS prior to any action being taken. The total amount of this iCase error should be deducted from future disbursements to REDSS until it is corrected and supporting documentation should be sent to justify these amounts.

Management's Response: *Management agrees with the recommendation. A full listing of cases that were incorrectly distributed to REDSS in 2018 and 2019 will be provided from iCase. The Court will follow the recommendation as noted.*

Implementation Date: *The priority level for this recommendation is 180 days. The Court will direct attention to this matter to resolve this issue within 180 days.*

7. (P2) The Cashier's Office should work with IT to create case numbers immediately in order for payments to be entered into iCase the same day as the payment is received so the money can be deposited in accordance with ORC 9.38.

Management's Response: *The Cashier's Office and IT are currently working together to accomplish the goal of providing a method to apply payments into iCase on the same day so that the funds collected on new cases can be deposited in accordance with ORC 9.38.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 90 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible. In the interim, efforts will be made to process new filings that require filings fees, which will assist in resolving this issue.*

FINDING Segregation of Duty Issues Resulted in Control Weaknesses

Segregation of duties refers to dividing incompatible functions among different people to reduce the risk that a potential material misstatement of the records would occur without being prevented or detected. Assigning different people responsibility for authorizing transactions, recording transactions, reconciling information, and maintaining custody of assets reduces the opportunity for any one employee to conceal errors or perpetrate fraud in the normal course of his or her duties.

Good business practices and professional frameworks such as Generally Accepted Accounting Principles establish guidelines on segregation of duties between key processes; an important internal control in preventing errors and decreasing the risk of fraud. Segregation of duties is the principle of having no single individual given authority to execute two conflicting duties. It is a basic type of internal control used to manage risk.

By their nature, smaller, less complex departments have fewer employees, which limits their opportunities to implement proper segregation of duties. Due to these personnel restrictions, smaller departments may have to approach the control objectives relevant to segregation of duties in a different manner.

During the audit we noted the following operations being performed with limited or no segregation of duties:

- Employees who collected cash payments throughout the day also counted, reconciled, and prepared the cash for deposit the following day;
- The Cashier's Office assesses the fees on some filings for which they also accept payment, like special process servers, power of attorney, and unrulies;
- The Cashier's Office is able to make unrecorded adjustments to restitution amounts owed on cases in the Victims Aid Restitution Program (VARP); and
- For the customer's convenience Cashiers can issue checks outside of the normal check runs.

Some segregation of duties issues resulted from only having two employees in the Cashier's Office at the end of 2018 and the beginning of 2019. This lack of staff necessitated the supervisor to collect payments. Even with three employees, the supervisor would accept payments if there were call-offs or breaks and there was a need at the front window. Also, since the special process servers, power of attorney, and unrulies do not have case numbers in iCase, the Cashier's Office was given access to assess the cost so the payment could be receipted in iCase.

Risk to the County if Findings Not Corrected

When a person performs two or more incompatible duties, the effectiveness of some controls might be impaired. For example, reconciliation procedures may not effectively meet the control objectives if they are performed by someone who also has responsibilities for transaction recording or asset custody.

Inadequate segregation of duties increases the risk that an error could go undetected. In addition, without tracking changes in the system it becomes more difficult to determine if all entries have been made correctly. It is not considered best practice to have the same person assess a fee and accept the payment for that fee.

Recommendations

1. (P1) The Cashier's Office should be staffed appropriately so the supervisor does not have to collect payments. This may include adding an additional staff member to the Cashier's Office. If that is deemed not possible, policies should be put in place to ensure another approval or review of supervisor/cashier transactions.

A smaller department might address some segregation of duties matters through alternative controls involving management oversight and review activities, e.g., reviewing transactions, checking reconciliations, reviewing transaction reports, or making periodic cash counts

Management's Response: *Management agrees with the recommendation. The priority level for this recommendation is 30 days. Prior to the COVID situation, the Court was in the process of conducting interviews to hire a Clerk's Office Staff Manager whose responsibility would be to review/approve the supervisor's transactions, as well as review checking reconciliations, transaction reports, make periodic cash counts, etc.*

Implementation Date: *In the interim, the Director of the Clerk of Court will be responsible to complete this task until a Clerk's Office Staff Manager has been hired. The Court will work to ensure that the recommendation is implemented as soon as possible.*

2. (P2) An employee who did not collect cash from the previous day should review the cash count from the previous day transactions or a supervisor should review and sign off on cash reconciliations and deposits.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: *This recommendation was implemented on June 10, 2019.*

3. (P1) Adjusting costs and assessing fees for payments that are collected should not be allowed by staff of the Cashier's Office. This should be the responsibility of another department within the Juvenile Court. Also, any changes made to restitution amounts (VARP) should be tracked within the system and show who made the change and required a reason.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: *The practice of adjusting cost and assessing fees for payments collected ended on August 18, 2019. The responsibility to make changes to restitution amounts in iCase was transferred to the Probation Department on March 9, 2020 and at that time, iCase was programmed to track changes made to restitution amounts (VARP) within the system.*

4. (P1) The employee issuing the check should not be one of the signers on the check. The second signer should be a responsible party from outside the Cashier's Office.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: *This recommendation was implemented on July 3, 2019.*

5. (P3) In addition to the disbursement of funds on the first of the month, checks should be limited to being run once, or possibly twice a week if management determines the need is there. Management should designate certain days so signers can know when they are expected to add to their duties and ensure adequate signers are available for the checks so that no segregation of duty issue is present.

Management's Response: *Currently checks are written three (3) days per week. There are four (4) authorized signers, who prioritize their duties to ensure that checks are signed on the same day that they are issued.*

Implementation Date: *In the future, if this practice creates an issue with segregation of duties, management will take appropriate steps to implement the recommendation noted.*

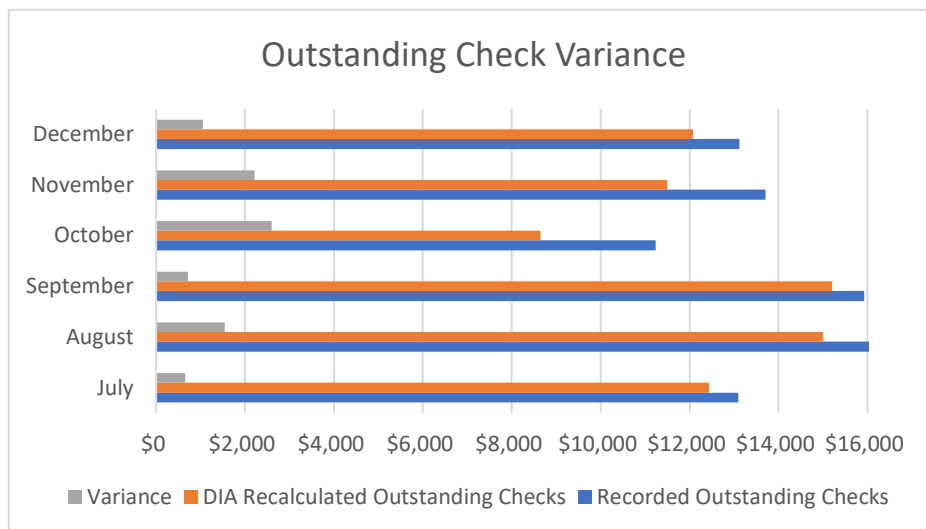
FINDING Bank Reconciliation Errors

Bank reconciliations should be performed on a monthly basis to ensure the accuracy of the Juvenile Court's financial system to the bank balance. Having procedures, adequate documentation, and proper approval in place during monthly bank reconciliations is essential to improve the accuracy and timeliness of financial reporting.

The Cashier's Office is responsible for performing a monthly bank reconciliation comparing the activity from the bank to the Clerk's Office internal records. DIA reviewed the bank reconciliations from July to December 2018 and performed a complete proof of cash for the month of November 2018. DIA noted the following:

- The Court's case management system (iCase) is not used as part of the reconciliation due to inaccuracies with the system. Instead, the Cashier's Office uses a spreadsheet (CARL) as their official system of record for receipts and disbursements;
- The bank reconciliation was performed using a Microsoft Word template, so numbers had to be manually calculated, increasing the possibility of error;
- The Cashier's Office Supervisor signs the bank reconciliation as the preparer and submits it to the Juvenile Court Fiscal Department, but none of the reviewed bank reconciliations had a reviewing or approving signature;
- Three years' worth of monthly service charges, NSF checks, and earned interest were shown as part of the monthly reconciliation. These numbers did not foot to the totals, because older items were also being included but not shown on the bank statement;
- Cash in the safe was not included as part of the bank reconciliation;
- The outstanding checks section was inaccurate in every month reviewed. Checks that were redeemed or voided were shown as outstanding, and checks still outstanding as of the end of the month were not included (See Chart A);
- There were transactions in the credit card system (Point & Pay) that did not agree to iCase recorded payments (See Chart A). November 2019 had a variance of \$304 that was not recorded in iCase.

Chart A



Risk to the County if Findings Not Corrected

Lack of effective internal controls over the monthly reconciliation process and inaccurate reports from iCase can lead to increased errors in the Clerk's records and could ultimately lead to a misappropriation of monies. Doing labor-intensive calculations in MS Word rather than Excel increases the risk of calculation errors. Including historical data with no impact on the current reconciliation makes it unnecessarily more complicated and time-consuming. Not including cash in the safe with the reconciliation understates the total money. Also, by keeping a separate set of books outside of the official system of record there is a duplication of some efforts and it becomes more difficult to review as reports from the system are not available.

Recommendations

1. (P2) The IT department should work with the Cashier's Office on iCase to make the necessary changes so iCase will give accurate reports that can be used in monthly reconciliations, eliminating the manual spreadsheets, referred to as CARL.

Management's Response: *Management agrees with the recommendation. This issue is in conjunction with resolving the issue with the Main Cashiering report. Information was submitted to the IT department on March 6, 2020 to ensure that items on the CARL spreadsheets will be appropriately tracked in iCase.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 90 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible.*

2. (P2) The bank reconciliation should be done in Excel to make calculations easier and reduce chances for error. In addition, older reconciling items like service fees, interest, and NSF charges should be placed in a separate tab and only the current month's charges should be shown on the monthly bank control of the Cashier's Reconciliation Log. The separate tab may show historic information. The separate tab should also show the amount of money in the safe as of the last count.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: *This recommendation was implemented on March 2, 2020.*

3. (P2) Bank reconciliations and any necessary supporting documentation should be submitted to the Juvenile Court Fiscal Department for review and approval. Supporting documentation should include the bank statement, iCase check register, iCase reports that show cash and check payments received (Daily Balancing Report), cash balance in the safe and support for deposits in transit and outstanding checks. Approval should be noted via signature.

Management's Response: *Management agrees with the recommendation.*

Implementation Date: As a result of the COVID situation, once normal business resumes, attention will be directed to ensure that this recommendation is implemented within 90 days.

3. (P3) The daily Point & Pay report on payments should be compared to iCase entries and updated to make sure that payments get properly recorded in both systems. It should be noted on the Point & Pay report or iCase report that the charges and entries have been reviewed and are accurate.

Management's Response: Management agrees with the recommendation. The reports are reviewed daily, and there is currently a verification process in place. The resolution for this issue is in conjunction with the issue of IT creating a method to applying funds daily for cases with or without a case number. This issue will require extensive programming.

Implementation Date: Due to the COVID situation, meeting the recommended deadline of 180 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible.

FINDING Cashier's Office Performing Functions Outside of Job Duties

The primary functions of the Juvenile Court Cashier's Office are: to collect and record payments from customers for court related activity, disburse funds held in the Clerk's bank account to various parties, and maintain an accurate accounting of the bank account and the funds that make up the bank balance.

Activities Performed by Cashier's Office Outside Its Scope:

During our audit we observed the Cashier's Office was performing the following duties outside of any listed responsibilities:



- Disbursing physical bi-weekly paychecks to employees who were not enrolled in direct deposit;
- Preparing Mediation notices for mailing to clients;
- Preparing and sending out bills for unpaid court costs on dispositioned cases as time allowed; and
- Accepting Child Support payments on behalf of the Office of Child Support Services.

The Cashier's Office has disbursed paychecks for several years. The sending of Mediation notices and bills for court costs was something the Cashier's Office staff had volunteered to do to help the Juvenile Court collect on outstanding fees and make more revenue as there was no process in place to attempt to collect on these owed amounts previously.

See Table 3 below regarding the amount of money outstanding on dispositioned cases. The table summarizes a report received from Juvenile Court IT regarding accounts receivable on closed cases. Although the amounts are not completely accurate, we deemed it to be a reasonable estimate. This is due to a problem of outstanding amount totals on cases when money was paid but then disbursed to another party like a GAL or in a restitution.

Table 3 – Cases with Outstanding Amounts

Case Filed Year	# Dispositioned Cases with Money Outstanding	Average Amount Outstanding by Case	Amount Outstanding
2009	4,606	\$152	\$701,308
2010	5,059	\$145	\$733,748
2011	4,978	\$158	\$786,543
2012	4,621	\$138	\$638,046
2013	4,321	\$155	\$668,694
2014	3,222	\$153	\$492,765
2015	3,217	\$166	\$533,292
2016	3,674	\$144	\$530,803
2017	3,849	\$127	\$490,287
2018	2,899	\$148	\$427,667
2019	823	\$104	\$ 85,845
Grand Total	41,269	\$148	\$6,088,997

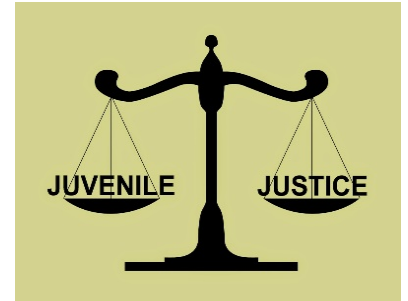
Child Support Issue

The Juvenile Court Cashier's Office accepts child support payments on behalf of the Office of Child Support Services. Regarding the Cashier's Office involvement with accepting child support payments, the funds received do not fund Juvenile Court activities; the funds collected are for child support orders. These payments can only be made in person and must be made in cash. Customers fill out a sequentially numbered triplicate form that asks for name, social security number, SETS case number, and order number. Once the cashier obtains the cash, the form is stamped. One copy goes to the customer, one copy goes to Child Support, and one copy is kept by the Cashier's Office. This money is kept with each individual receipt in a folder, separate from the other cash received by the Cashier's Office, and locked in the safe overnight. At the beginning of the day cash for child support payments is counted and compared to the previous day's receipts. Cash is deposited daily via Dunbar.

DIA noted the following regarding child support collections:

- Errors occurring on sequentially numbered receipts would be voided. However, the Cashier's Office did not keep a record of voided receipts; they would just be discarded and not tracked. The child support receipts are filled out by the payor and are not under the control of the Cashier's Office at all times;
- Any available cashier can process and accept child support payments and the payments are kept in an area that all cashiers can access; and
- The collected receipts are the only source to which the Cashier's Office can reconcile payments.

The collection of child support payments is not a required duty of the Juvenile Court; it is a child support activity that the Juvenile Court provides on behalf of the Office of Child Support Services. Child Support has not enforced or provided any additional guidance to the Juvenile Court about controls needed for collection or transmittal of funds and receipts.



Risk to the County if Findings Not Corrected

Performing functions not directly related to the Cashier's Office such as distributing payroll checks and preparing and mailing mediation notices takes time away from focusing on the tasks that are critical to the operation of the Cashier's Office. Also, while the Cashier's Office handle accounts receivable as their time permits, the Court is losing out on potential revenue by not having a process in place for billing and follow-up on outstanding dispositioned cases.

If the Cashier's Office continues to adopt duties related to child support payments, it should be aware that the sequentially numbered forms are currently the only way for the County to track and reconcile child support payments. Losing control of payment forms or not keeping voided forms makes it difficult for Child Support to determine if any payments are missing. Keeping payments in an unsecured area that all employees have access to increases the risk that money could become lost or misappropriated.

Further, by having the maker of the check as one of the signers on the check and allowing checks to be run at any time there is an increased risk for misallocation of monies or that an error goes undetected.

Recommendations

1. (P3) The Cashier's Office should no longer be performing the duties of other departments within the Juvenile Court. These tasks should be performed by the departments that are responsible for these operations. Human Resources should

be disbursing physical paychecks and the Mediation Department should handle notice preparation.

Management's Response: *The Cashier's Office has relinquished the duty of distributing physical payroll checks to the Fiscal Department. Also, the duties and responsibility of notice preparation was transferred to the Mediation Department.*

Implementation Date: *The Fiscal Department began distributing physical payroll checks to employees on May 29, 2019. On May 20, 2019, the Mediation Department began processing notice preparations.*

2. (P1) Juvenile Court IT should prepare an Accounts Receivable Aging Schedule from iCase on a regular basis for dispositioned cases on which money is still owed. Once this schedule is obtained, adequate staff should be trained to review this information in iCase and send out and track bills. Copies of bills sent should be maintained within iCase. Limits should be set for the billing i.e. not send bills on amounts owed less than \$10 or cases that have been closed for more than five years.

Management's Response: *Management agrees with this recommendation. The Court recently hired a Fiscal Director who will work closely with IT and other Court personnel to resolve this issue.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 30 days is not feasible at this time; however, the Court will direct attention to this matter to resolve as soon as possible.*

3. (P3) Statistics should be maintained on the number of mailings sent, amount and number of mailings returned as undeliverable, and the amount collected based on bills sent. The costs associated with this activity i.e. employee time and mailing costs should also be tracked to ensure the amount collected is off-setting costs so the true benefits can be determined. All procedures for this activity should be noted within policies and procedures.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 180 days may not be feasible; however, the Court will direct attention to this matter to resolve as soon as possible.*

4. (P2) If the Cashier's Office is to continue to perform duties for Child Support, the child support form should always remain in the custody of the cashier. Either the Office of Child Support or the Cashier's Office should create and make available to the public a document detailing the information necessary to complete the payment form, so the customer can pre-fill the form. Then the cashier can copy

the information onto a pre-numbered form or have the customer verbally relay the information to the cashier, except for confidential information.

Management's Response: *Management agrees with this recommendation. Effective, March 31, 2020, the Court suspended accepting child support payments until further notice.*

Implementation Date: *Due to the COVID situation, if the Court resumes this practice, the Court will direct attention to this matter to resolve this issue within 90 days of restoring this practice.*

5. (P2) One person should be dedicated to collecting and reconciling the child support drawer, with supervisory review of the reconciliation. If that cashier is sick or away from their window, another cashier may collect the money, but it must be documented by the cashier in charge of collecting payments during that time.

Management's Response: *Management agrees with this recommendation. Effective, March 31, 2020, the Court suspended accepting child support payments until further notice.*

Implementation Date: *Due to the COVID situation, if the Court resumes this practice, the Court will direct attention to this matter to resolve this issue within 90 days of restoring this practice.*

6. (P3) The Cashier's Office should ensure the ERP team has this recommendation so cashiers can enter child support payments in the ERP upon receipt and the Cashier's Office can run a report from the ERP to reconcile payments.

Management's Response: *Management agrees with this recommendation. Effective, March 31, 2020, the Court suspended accepting child support payments until further notice.*

Implementation Date: *Due to the COVID situation, if the Court resumes this practice, the Court will direct attention to this matter to resolve this issue within 180 days of restoring this practice.*

FINDING Bond Accounting and Disbursal Inaccuracies

The Cashier's Office takes in cash bond payments for juveniles being held in the County jail when a bond has been ordered by a jurist. Once a payment is received (cash or cashier's check), the cashier fills out a bond card to record the date the payment was taken, the payor, the case number, and bond number. The ultimate disposition of the bonds is also recorded on the card. A jurist's order is required for the bond to be either returned to the payor or forfeited to the Clerk for deposit with the County Treasurer. The Cashier's Office keeps the paperwork for the bond, and any payments or disbursals are recorded in the monthly CARL spreadsheets, with a running balance of all money

in the Clerk's bank account associated with active bonds. The Cashier's Office also maintains a list of active bonds with scheduled court dates, so they can check if there was a judgement made on the bond.

DIA's review of the outstanding bonds as of 12/31/18 noted the following:

- The book balance (CARL) showed \$45,015, while the paperwork for active bonds only showed \$42,130. A variance of \$2,885;
- Included in the totals noted above was \$6,350 in paperwork for bonds maintained from 2009 or earlier;
- Bond reports were requested from the Juvenile Court IT Department for bonds in iCase where the paid bond had not been discharged. Reports received by DIA and the Clerk's Office found:
 - there were cases listed for which the bond had been discharged,
 - the list did not include some cases for which the Cashier's Office still has paperwork; and
 - duplicate entries.

The Cashier's Office believes the older bond payments, many of which predate iCase, may not be accounted for correctly within iCase or have missing paperwork. Also, depending on how the bond information was entered into iCase by other Juvenile Court staff, it may not show on reports that the bond was discharged when it has been.

Risk to the County if Findings Not Corrected

Bond payments cannot be disbursed without a jurist's ruling. A timely ruling on the disposition of bond payments, maintenance of bond payment paperwork, and an accurate accounting of bond receipts and disbursements on the Cashier's Office books is necessary. The risk that active bonds become out of balance is increased by the following items:

- Not maintaining accurate records and support paperwork;
- Receiving inaccurate reports from iCase; and
- Not obtaining timely ruling on bond dispositions.

Recommendations

1. (P3) iCase should be configured with a notification pop-up alerting staff if a bond remains to be discharged prior to the case being dispositioned. If that is not deemed possible, the Cashier's Office should send a reminder email to the Court staff that a case is coming up with a cash bond which requires a ruling.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolve this issue within 180 days.*

2. (P3) An accurate list of bond payments for old and closed cases should be sent to a jurist for ruling on an ultimate disposition of the payments.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolve this issue within 180 days.*

3. (P3) A list should be obtained regularly from iCase that shows all cases for which a bond was paid but not discharged, to help determine the reason for the variance noted. This list from iCase should also show if there are other bonds which the Cashier's Office does not have accounted for in their CARL spreadsheets. This report should be received on a monthly or quarterly basis by the Cashier's Office to ensure their bond accounting is correct. If the reason for inaccurate reports is due to employee error then staff should be updated on how entries are supposed to be made and the importance of doing so.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *The Court will direct attention to this matter to resolve within 180 days.*

FINDING Not Tracking All Cash and Physical Cash Security

All public money should be safeguarded and properly accounted for until deposit by the individual agency. Safeguards include both physical controls, such as locks, video cameras, and safes, as well as accurate counts of all money in the Cashier's Office possession.

DIA noted the following regarding cash security and accounting:

- Money kept in the Cashier's Office safe for change purposes was not tracked;
- Money from the copier is added to the safe but not separately recorded;
- Daily cashier overages or shortages were not tracked;
- The combination to the safe in the Cashier's Office is not changed after employees leave County employment;
- The locks on the doors to the Cashier's Office have never been changed. Juvenile Court personnel and custodial staff have keys to the cash room in the Cashier's Office.

No policy requires cashiers to track balances in the safe or cashier discrepancies. It was thought the cashiers were rarely out of balance and only a small amount of money is typically kept in the safe; when DIA counted it, the balance was \$467.20. Also, physical security access to the cash room was not updated even after employees were terminated from the department. No one in the Cashier's Office knows how to change the combination to the safe.

Risk to the County if Findings Not Corrected

The risk of loss to the County from undetected cash misappropriation increases when the following items are not monitored:

- Cash Balances in the safe – should be tracked and reconciled;
- Two people collect and note amount of copier cash;
- Tracking cashier shortage and overage amounts and frequency and investigating trends; and
- Access to the cash room and safe limited to appropriate current staff.

Recommendations

1. (P2) The Cashier's Office should begin tracking in a log all additions and deposits to the cash and coins in the safe. This would include itemizing and tracking the money taken out of the copier and recording amounts removed, date, and person who removed the money. Money in the safe should be subject to periodic audits from the Cashier's Office Supervisor. The cash in the safe should be shown on the monthly bank reconciliation.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolve within 90 days.*

2. (P2) - Since the Business Manager attaches a printout of the encumbrance balance in FAMIS to the voucher for the HHS Director to approve, the Business Manager should also document the reconciliation in the report. This reconciliation should be evidenced by calculating the balance with the expenditure in the voucher that matches the spreadsheet, as well as signing and dating the report.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolve within 90 days.*

3. (P3) The Cashier's Office supervisor should track cashier variances (over or under the system-reported totals for the day) over time to look for trends. Management

should analyze the tracking to discover if there are issues with certain procedures or personnel, that need to be addressed with procedural changes or additional training.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolve within 180 days.*

4. (P3) Whenever personnel with knowledge of the combination to the safe in the cash room leave Juvenile Clerk's Office employment, the combination should be changed. If no one knows how to change the combination, the Supervisor should contact the safe manufacturer. Access to the cash room should be limited to Cashier's Office employees, Clerk management, and Sheriff's Office building security.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *This recommendation was completed on March 25, 2020.*

FINDING Lack of Policies and Procedures in Cashiering Division

A policy is a deliberate statement of principles to guide decisions and achieve desired outcomes. Procedures detail how the policies are to be carried out in day-to-day processes for maximum efficiency and consistency in the workplace. A written policies and procedures manual addresses pertinent issues such as what constitutes acceptable employee behavior, and serves as a roadmap for consistency in the day-to-day operations of an agency. Existence of codes of practice and other regulations or guidance regarding acceptable practices, conflicts of interest, or expected standards of ethical and moral behavior, and their communication throughout the organization, is an essential part of a policy and procedure manual. Further, formalized procedures reinforce management's expectations for the agency.

The Juvenile Clerk of Courts did not have a written policy and procedure manual for the Cashiering Division with a system of controls and a standard level of guidance. Nor were there internal codes or other forms of guidance regarding acceptable practices, conflicts of interest, or ethical and moral behavior.

Risk to the County if Findings Not Corrected

Failure to have some sort of internal guidance can lead to inconsistency in operations of the agency as well as actions and discipline that are inconsistent with management's intentions and expectations. But if you also fail to regularly update, maintain, and distribute policies, employees won't know how to perform the processes that keep your organization operating smoothly. Instead of following

official procedures, each employee may do things slightly differently. Old policies may fail to comply with new laws and regulations and may not address new systems or technology.

Recommendation

1. **(P1)** - DIA recommends the Clerk of Court develop and follow a policy and procedure manual for all its processes. Within the manual the Clerk should adopt policies and procedures specific to the Cashiering Division operations. The manual should include these items, at a minimum:
 - Documentary flowcharts or narratives of significant operational cycles describing significant steps and procedures for each cycle as well as methods of accounting for each type of transaction (e.g. how to process different payment types received, paying and posting a bond, reverse a transaction, and steps for performing monthly bank reconciliation);
 - Documentation of all accounting procedures performed, including reconciliations and review procedures (e.g. who should be present at cash counts, how to document a drawer that is over/under, how to control petty cash approved amounts, iCase reports to review, approval of deposits);
 - Monthly and weekly check disbursement process;
 - Record retention;
 - A list of references to applicable local, state, and federal regulations;
 - Accounting for and monitoring bond status and forfeitures;
 - Review of unclaimed and unapplied court costs;
 - Accounting for and consistent application of Non-Sufficient Funds charges;
 - Safeguard procedures (including cash, computer, and physical controls as well as securing personal information);
 - A list of standardized forms used, including a description of their purpose;
 - Any training resources to be utilized or provided upon hire or on a regular basis, and.
 - Once drafted, the policy and procedure manual should be approved by the Juvenile Clerk of Court Administrator. The policy and procedure manual should also be regularly reviewed by management for any needed updates.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, meeting the recommended deadline of 30 days is not feasible. Once normal operations begin, the Court will direct attention to this matter to resolve as soon as possible.*

FINDING Payment Reversal Issues

The Cashier's Office records payments from customers in iCase at the time payments are made. The cashier enters who is paying, the tender type, and the amount. If payment entries are made in error, the entry must be reversed in iCase to correct it; these are non-ledger reversals. Reversals necessary to move money between different funds are called *ledger* transactions. iCase contains a space for a written explanation for the reversal. The Cashier's Office will note on the receipt, and on the copies that are maintained, that a reversal was performed. It is also noted on the iCase Daily Balancing Report to indicate transactions that should not be counted towards a cashier's drawer total at the end of the day.

Table 4 shows the total number of reversals during the audit period

REVERSAL TYPE	# of REVERSALS	DOLLAR VALUE
Ledger	116	\$ 15,327
Non-Ledger	113	\$ 11,938
TOTAL	229	\$ 27,265

Although it's not mandatory, 100% of reversals had a reason noted within iCase. DIA noted the following relating to the reversal process:

- 46% of tested non-ledger reversals were performed by the same person who originally cashiered the payment;
- 8% of non-ledger reversals did not have the transaction re-cashiered in iCase and the entered amount of the payment was reduced. The total reduction in these cases was \$553. The reasons for these payment reductions were noted in iCase.

Risk to the County if Findings Not Corrected

Reversals are a high-risk area because a recorded payment is being removed from the system, especially if done by the same person who entered it. Without effective controls in place over the reversal process there is an increased risk that monies could be misappropriated.

Recommendations

1. (P2) Employees should not be allowed to reverse transactions they originally cashiered. Another employee should be required to perform the reversal. The other employee should be restricted to someone authorized to make reversals i.e. a supervisor or another employee with review responsibilities.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *This recommendation was implemented on July 10, 2019.*

2. (P2) A report of all reversals made should be requested from Juvenile Court IT on a regular basis, i.e. monthly or quarterly. The supervisor should review the list for any unusual transactions, to make sure they were aware of the reversals, and to determine if there needs to be any additional training based on the number or type of reversal needed.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *The priority level for this recommendation is 90 days. The recommended deadline of 90 days is achievable; therefore, the Court will direct attention to this matter to resolve as soon as possible.*

3. (P2) Although there already is a field for the reversal reason, it should be set as a mandatory field.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *The recommended deadline of 90 days is achievable; therefore, the Court will direct attention to this matter to resolve as soon as possible.*

FINDING ORC 2303.201 Special Revenue Fund Incorrectly Allocated

The Juvenile Court's Cashier's Office collects money for various court costs. These costs are set by Ohio Revised Code and the Juvenile Court's Fee Schedule. In addition to court costs, ORC 2303.201(E)(1) allows the Court to charge an additional fee for special projects of the court. The court uses this as justification to charge for Mediation services, Traffic Violations Bureau (TVB), and Diagnostic Clinic Services.

DIA noted that money collected for Mediation (\$22,323), Traffic Violations Bureau (TVB) (\$1,870), and Diagnostic Clinic (\$7,470) was being placed into Juvenile Court general fund index codes and the fees transmitted to the Treasurer's Office for 2018. Special project funds were not set up in FAMIS for TVB or Diagnostic Clinic funds, so the Cashier's Office was not able to designate money to be placed into these applicable funds. There was a special project fund for Alternative Dispute Resolution (ADR)(JC510925) but Mediation fees were never sent to that fund.

Risk to the County if Findings Not Corrected

The Juvenile Court is non-compliant with ORC 2303.201 (E)(1) when not allocating the money received from these fees into designated special project funds.

Recommendation

1. (P3) Special project funds should be created or existing applicable special project funds should be utilized for money collected for programs under ORC 2303.201 (E)(1). On a monthly basis, money that was collected in the Cashier's Office for these programs should be transmitted to the County Treasurer's Office for placement into the appropriate special project fund.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter within 180 days.*

FINDING Assessed Court Mailing Costs Do Not Agree to Actuals

The court is allowed to charge for mailing services by Ohio Civil Procedure Rule 4.1(A)(3) which states in part "All postage and commercial carrier service fees shall be charged to costs." Services may include such items as summons, notices for court appearances, subpoenas, and reschedule notices. The Juvenile Court charges \$7 for certified mail and \$2 for ordinary mail. These charges are assessed to court costs when the case is dispositioned. The split of the court costs is determined by the jurist in the case. Mailings sent are recorded within iCase. A portion of required court costs is designated to be a deposit for future mailing costs. This amount is \$4 for Traffic, Delinquency and Unruly cases, and \$30 for Custody, Support, Parentage and Family cases.

DIA noted that 14 of 20 (70%) cases reviewed had mailing costs assessed that exceeded any allowable ORC-related charges and did not agree to the number of mailings recorded in iCase. Additionally, 3 of the 5 (60%) cases that were ordered to be split between parties were either not split correctly or the second party did not have any additional costs assessed.

Incorrect programming in iCase is believed to be a major contributor of the variance between actual mailings and costs assessed. Programming in iCase does not correctly account for a portion of court costs paid as mailing costs.



Risk to the County if Findings Not Corrected

Because iCase is not totaling the cost of mailings correctly and assessing it to the proper party there is an increased risk that the Juvenile Court could miss out on possible revenue or that customers are being assessed more than legally required.

Recommendation

1. (P2) The Clerk's Office should work with IT to ensure iCase is correctly totaling the number and cost of service mailings that are sent and the costs are accurately assessed to each party. Also, the Clerk's Office should ensure that any deposits paid as court costs are considered when assessing any additional court costs.

Management's Response: *Management agrees with this recommendation.*

Implementation Date: *Due to the COVID situation, once normal operations begin, the Court will direct attention to this matter to resolved within 90 days.*