



**A Report to the  
Audit Committee**

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Metropolitan  
Nashville  
Office of  
Internal Audit

# Audit of the Juvenile Court

March 31, 2016

## EXECUTIVE SUMMARY

March 31, 2016



### Why We Did This Audit

The audit was conducted due to the important role the Juvenile Court has with children and the length of time since the last audit.

### What We Recommend

- Changes to case information within the Juvenile Court information systems should have supervisory approval, and only staff with an operational requirement to make administrative changes should have access to change case information.
- Reconcile juvenile cases in the Automated Records Management System to the Juvenile Court computer systems.

For more information on this or any of our reports, email [Mark.Swann@nashville.gov](mailto:Mark.Swann@nashville.gov)

## AUDIT OF THE JUVENILE COURT

### BACKGROUND

The mission of the Juvenile Court is to ensure that every child and family that comes into contact with the Court is met with justice, fairness, and hope. The Court processed 16,673 and 15,915 cases in fiscal years 2014 and 2015, respectively.

### Exhibit 1 – Juvenile Court Operational Expense and Budget

Funding	FY2014	FY2015
Budget	\$12,178,941	\$11,492,898
Actual	\$11,674,085	\$11,135,576

Source: Metropolitan Nashville JD Edwards EnterpriseOne Financial System

### OBJECTIVES AND SCOPE

The objectives of the Juvenile Court audit were to determine:

- Cases are managed in accordance with laws and regulations, as well as the mission of the Court.
- Information system controls are working as management intended.
- Controls and procedures ensure firearms in the Warrants Department are tracked and safeguarded.
- Contracts are monitored, specifically for the Detention Center.
- Financial operations are managed.
- Implementation status of 2006 audit report recommendations.

The audit scope included all work performed in fiscal years 2014, 2015, and quarter one fiscal year 2016. Activities related to the newly formed Assessment Team and the Support, Intervention, and Accountability Team are not included in the audit scope due to them being recently established.

### WHAT WE FOUND

We found changes can be made to case information within the Juvenile Court computer systems by certain authorized personnel without prior supervisory approval and without an audit trail. Also, reconciliations between the Metropolitan Nashville Police Department's Automated Records Management System and Juvenile Court computer systems are not routinely conducted.

The financial information reported by the Juvenile Court was generally complete, accurate, and recorded in accordance with Metropolitan Nashville Government financial policies.

## GOVERNANCE

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The Juvenile Court is overseen by the Juvenile Court Judge, which is a publically elected office. The Juvenile Court Judge appoints a court administrator and judicial magistrates. The court administrator has a deputy administrator for personnel and another deputy administrator for financial affairs.

## OBJECTIVES AND CONCLUSIONS

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### Operations Management

1. *Are cases submitted to the Juvenile Court properly recorded, classified, assessed, and processed in accordance with Tennessee Code Annotated, Title 37, and the mission of the court?*

**Generally yes.** A large percentage of delinquency cases in the Juvenile Court system are initiated in the Metropolitan Nashville Police Department's Automated Records Management System. Case information is moved to the Juvenile Court computer systems electronically. However, unexplained differences between these systems existed. There is no reconciliation performed on a regular basis to ensure all cases from the Automated Records Management System are in the Juvenile Court systems. (See Observation B.)

2. *Are information technology general and applications controls designed and implemented to support achievement of management objectives as described in Committee of Sponsoring Organizations of the Treadway Commission, Internal Control – Integrated Framework, Control Activities—Principle 11?*

**Generally yes.** The information technology general controls are generally in place. The network controls are managed by the Justice Integration Services Department and physical security by Metropolitan Nashville Government's General Services Department and the Juvenile Court.

Application controls could be strengthened by implementing policies and procedures designed to reduce the number of personnel with administrator rights and formally defined user management within the departmental applications. (See Observation A.)

3. *Are controls and procedures in place to ensure firearms in the Warrants Department are tracked and safeguarded?*

**Yes.** Documentation for firearm assignment or return is available for all members of the Warrants Department according to management policy. A gun safe is located in the Warrants Department. There are four people with safe access. There are plans to reduce that number in the future.

4. *Are the recommendations in the 2006 Juvenile Court audit report implemented?*

**Generally yes.** The 2006 Juvenile Court performance audit report listed 63 recommendations which are categorized by performance expectations and methods, staff training and cross-training, and improved coordination between the Juvenile Court and agencies that work within the Court, and the need for the Court to define its role and determine its resources when taking on new responsibilities. Of the 63 recommendations included in the audit report, 42 are implemented, 7 have been dropped, and 14 are in progress. The items that have not been implemented are the result of the funding, technology, or staffing priorities of a new judicial administration that began in September 2014.

## **Fiscal Management**

5. *Did the Detention Center contract solicitation comply with Metropolitan Nashville Procurement Regulations? Are the terms of the Detention Center contract monitored?*

**Generally yes.** The Detention Center contract solicitation was in accordance with Metropolitan Nashville Procurement Regulations. However, the Detention Center contract monitoring program could be improved. (See Observation C.)

6. *Are expenditures supportive of delivery of Juvenile Court services, recorded, and procured following the Metropolitan Nashville Procurement Code?*

**Generally yes.** Expenditures reported by the Juvenile Court are related to the delivery of Juvenile Court services and are normally acquired following the Metropolitan Nashville Procurement Code. However, opportunities for improvement exist in the following areas:

- Ensuring the Metropolitan Nashville Purchasing Department solicits competitive bids for all good/services that exceed \$10,000. (See Observation E.)
- Ensuring the integrity of Daily Census Reports used in verifying invoices on the Detention Center Contract. (See Observation D.)
- Reconciling all fuel purchases for fleet vehicles with the General Services Department's WEX Fuel System. (See Observation F.)

7. *Are payroll transactions real, complete, properly recorded, and for time actually worked?*

**Generally yes.** Timekeeping and leave time records are reasonably correct. However, most divisions within the Juvenile Court are not using formal leave requests when requesting time off. (See Observation G.)

8. *Are cash collections complete, properly recorded, safeguarded, and processed in accordance with Metropolitan Nashville Government financial policies?*

**Yes.** Funds collected by the Juvenile Court are complete, properly recorded, safeguarded, and processed in accordance with Metropolitan Nashville Government's financial policies.

9. *Were the Department's fixed assets accounted for and recorded in Metropolitan Nashville Government's accounting system?*

**Generally yes.** The Juvenile Court has several types of assets. These included computers, security tools, utility items, and furniture. In general, these assets are accounted for. However, opportunities exist to improve the removal of inactive assets from fixed asset records. (See Observation H.)

## AUDIT OBSERVATIONS

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Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (*COSO*), *Internal Control – Integrated Framework*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

### ***Observation A – Juvenile Court Systems Case Information Update Privileges***

Within the Juvenile Court computer systems changes can be made to case information by certain authorized personnel without prior supervisory approval and without an audit trail. Changes to case information can be made by all users with the “application administrator” role privilege. The risk of improper changes to a case is greatly enhanced due to this condition. There are 16 application administrators, 14 in user departments and 2 in a systems support department. Not all of these individuals have the need for the administrator role privilege, which is designed to perform system based processes.

#### *Criteria:*

- *COSO*, Control Activities—Principle 11—the organization selects and develops general controls over technology to support the achievement of objectives.
- ISO 27002, Part 11, Access Control, 11.2.2, Privilege Management

#### *Recommendation for management of the Juvenile Court to:*

1. Obtain supervisory approval of all changes to the database and designate only staff with an operational requirement to make administrative changes to the database. Reports should be periodically generated and reviewed by management detailing all significant changes made to database records.
2. Ensure administrator access is granted only to those with a need to perform those duties.

### ***Observation B – Reconcile Automated Records Management System and Juvenile Court Systems Cases***

Unexplained differences between the number of juvenile cases in the Automated Records Management System to cases listed in the Juvenile Court systems existed. A large percentage of juvenile delinquency cases is initially entered into the Automated Records Management System, which is managed by the Metropolitan Nashville Police Department. These cases are then transferred electronically to the systems managed by the Juvenile Court. Performing periodic reconciliations would help ensure that all cases that should be addressed by the Juvenile Court are being captured and recorded within the Juvenile Court systems.

#### *Criteria:*

- Tennessee Compilation of Selected Laws of Children, Youth, and Families (Title 37)
- *COSO*, Control Activities—Principal 10—the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

*Recommendation for management of the Juvenile Court to:*

Reconcile juvenile cases from the Metropolitan Nashville Police Department's Automated Records Management System to the Juvenile Court systems.

### ***Observation C – Monitoring of Detention Center Contractor***

The Detention Center contract monitoring program could be improved. The Detention Center contract stipulates the operator should operate the facilities in accordance with standards set forth by the American Correction Association. There are 46 mandatory and 92 non-mandatory requirements for this accreditation (Appendix B). The purpose of these requirements is to provide assurance that best operational and safety practices are being utilized. The management of the Juvenile Detention Center involves significant ethical, legal, and administrative risk. Generating and implementing a thorough Detention Center monitoring program and communicating the results to management reduce these risks.

It was noted that the Juvenile Court has been in the process of enhancing the monitoring program. The Juvenile Court does diligently monitor monthly invoices, incident reports, and is in the process of establishing detailed policies and procedures for the Detention Center.

*Criteria:*

- Request for Quote 689074- Management Services for Juvenile Detention Facility, "The purpose of this solicitation is to secure an operation and management contract that will ensure that the facility will be operated in accordance with American Correctional Association (ACA) Standards for Juvenile Detention Facilities and applicable federal, state, and local laws and regulations."
- Contract No. 362010 Amendment 1.
- American Correction Association certification requirements.
- Prudent business practices requiring current, accurate and complete records.
- COSO, Control Activities—Principal 10— the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

*Recommendation for management of the Juvenile Court to:*

Develop a more detailed contract monitoring plan to provide assurance that the Detention Center contractor is in compliance with the contract terms and requirements.

### ***Observation D – Detention Center Census Reports***

The integrity of key source documentation used to verify amounts charged to the Detention Center could be improved. Amounts charged are, in part, a function of daily occupancy. An intake form "green card" is completed for all juveniles in the Detention Center. Census Reports are also generated by the contractor and submitted to the Juvenile Court. The Juvenile Court inputs census numbers into an Excel spreadsheet. A review of paid invoices related to the Detention Center showed discrepancies between the green card, Excel worksheet, and daily census report. Juveniles were listed on the green card and daily census report, but not on the invoice. Of the invoices reviewed, 25 youth included on the invoice were associated with report discrepancies.

*Criteria:*

*COSO, Control Activities—Principle 10—the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.*

*Recommendation for management of the Juvenile Court to:*

Monitor the Juvenile Detention Center management and operations so as to ensure that records are reconciled between 1) the daily census, 2) the Youth Opportunity Investments, LLC, invoices, and 3) admissions cards (commonly referred to as green cards).

***Observation E – Competitive Bidding Practices***

The Juvenile Court is unable to demonstrate that the best value was obtained for two different purchase solicitations valued in excess of \$10,000. This is because the Metropolitan Nashville Purchasing Department was not involved in the solicitations and competitive bids were not obtained by the Juvenile Court. Metropolitan Nashville Procurement Policy #20 requires formal competitive sealed bids or request for proposals for purchases in excess of \$10,000. The intent is to ensure a fair, competitive process that provides assurance that the Metropolitan Nashville Government is obtaining the best value for the delivery and quality of goods and services. Both of these purchases were made under the previous judicial administration, and not the new judicial administration that began in September 2014.

*Criteria:*

- Metropolitan Nashville Government Purchasing Policy #20, Effective, February 2009.
- *COSO, Control Activities— Principle 12—the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

*Recommendation for management of the Juvenile Court to:*

Demonstrate the best value is obtained for all purchase solicitations by following the Metropolitan Nashville Procurement Code.

***Observation F– WEX Fuel Statement is not being reconciled by Fuel Coordinator***

The Juvenile Court is not reconciling fuel receipts from the Juvenile Court vehicles with the Fleet Management monthly fuel statements. The risk that fuel purchases are inappropriate or incorrectly recorded is enhanced.

*Criteria:*

- *COSO, Control Activities—Principle 12—the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*
- Department of General Services Administrative Order 03-09, Fuel Program.

*Recommendation for management of the Juvenile Court to:*

Ensure all receipts are collected from individual drivers of Juvenile Court vehicles in the Juvenile Court and reconciled to the monthly WEX fuel statements.

### ***Observation G – Leave Request***

Requests for leave are routinely made informally by email or orally rather than using a formal written request. In some instances, no request or approval record other than the time sheet could be found for leaves that were taken. The risk that leave time will not be properly approved and accounted for is enhanced without a formalized form.

*Criteria:*

- Civil Service Rules, Section 4.3 and 4.4.
- COSO, Control Activities— Principle 12—the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

*Recommendation for management of the Juvenile Court to:*

Develop procedures that maintain a record of leave time requests and subsequent management approval.

### ***Observation H – Fixed Asset Listing***

In the Enterprise One System, assets were listed as in service when they were retired. Of the 47 assets examined, 6 were listed incorrectly, as active.

*Criteria:*

- COSO, Control Activities —Principle 12—the organization selects and develops general control activities over technology to support the achievement of objectives.
- Metropolitan Nashville Department of Finance, Fixed Asset Policy.

*Recommendation for management of the Juvenile Court to:*

Conduct an annual physical inventory and update fixed asset records accordingly.



## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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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 observations and conclusions based on our audit objectives.

## **METHODOLOGY**

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To accomplish our audit objectives, we performed the following steps:

- Interviewed key personnel within various departments.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls currently in place.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Reviewed financial related transaction files using analytic audit software.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

## **AUDIT TEAM**

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Mark Swann, CPA, CIA, CISA, Metropolitan Auditor

Bill Walker, CPA, CIA, Principal Auditor

Joe McGinley, CISA, CISSP, In-Charge Auditor

Herman "Jack" Henry, CPA, CGFM, Senior Auditor



SHEILA D.J. CALLOWAY, JUDGE

JUVENILE COURT OF DAVIDSON COUNTY  
100 WOODLAND STREET  
P.O. BOX 196306  
NASHVILLE, TENNESSEE 37219-6306

March 30, 2016

Mr. Mark Swann  
Metropolitan Auditor  
Office of Internal Audit  
404 James Robertson Parkway, Suite 190  
Nashville, TN 37219

RE: Audit of the Juvenile Court – AU2016-001 – March 14, 2016

Dear Mr. Swann,

This letter acknowledges that the Juvenile Court received the audit report of our department and has reviewed the recommendations. We concur with the findings and recommendations of the report and will work purposefully towards implementing all of the recommendations. Our completed management response includes our requested corrective action plan and projected completion date for implementation of specific recommendations.

We sincerely appreciate the diligence, courtesy, and professionalism of your staff in assisting us by identifying areas for improvement to help us ensure that the Juvenile Court always operates in full compliance with all applicable policies and standards. Please let us know if you need any further information.

Sincerely,

Sheila D.J. Calloway,  
Juvenile Court Judge

## APPENDIX A – MANAGEMENT RESPONSE

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing their response to our recommendations.

Recommendations	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendation for management of the Juvenile Court to:</i>		
<p><b>A.1</b> Approve all changes to the database and designate staff with an operational requirement to make administrative changes to the database. Reports should be periodically generated and reviewed by management detailing all significant changes made to database records.</p>	<p><b>Agree.</b> A review of the operational requirements for making changes to the database is being conducted. New roles with more strictly defined levels of access are being developed in conjunction with Justice Integration Services, the agency which owns and maintains the database. Audit tables were not built into the database structure to enable report generation of database records changes as recommended, but development of new roles and reducing those with administrator access will reduce opportunities for unauthorized changes to database records.</p>	<p><b>06/01/2016</b> for Review of needed new database user roles.</p> <p><b>09/01/2016</b> for development and implementation of new database roles by JIS.</p>
<p><b>A.2</b> Ensure administrator access is granted only to those with a need to perform those duties.</p>	<p><b>Agree.</b> A review is being conducted of personnel with admin access, with the level of access being downgraded when admin access is not demonstrably needed.</p>	<p><b>04/01/2016</b></p>
<p><b>B.</b> Reconcile juvenile cases from the Metropolitan Police Department's Automated Records Management System to the Juvenile Court Systems.</p>	<p><b>Agree.</b> An analysis involving JIS will be conducted to determine how to accomplish the recommended periodic reconciliation between ARMS and JIMS. Potential database alterations or coding modifications involved in effectively implementing the recommendation could delay implementation by several months beyond the projected completion date.</p>	<p><b>09/01/2016</b></p>
<p><b>C.</b> Develop a more detailed contract monitoring plan to provide assurance that the Detention Center contractor is in compliance with the contract terms and requirements.</p>	<p><b>Agree.</b> A comprehensive contract monitoring plan is under development.</p>	<p><b>05/15/2016</b></p>
<p><b>D.</b> Monitor the Juvenile Detention Center management and operations so as to ensure that records are reconciled between 1) the daily census, 2) the Youth Opportunity Investments, LLC, invoices, and 3) admissions cards (commonly referred to as green cards).</p>	<p><b>Agree.</b> Records and invoices are currently reconciled for the purpose of insuring that vendor is not over-paid, this being the practical limitation of the current manual admission card system used by the contractor. Long-term plans to upgrade to a replacement database system are projected to come to fruition by the end of FY16 and will enable a complete reconciliation of records as recommended.</p>	<p><b>07/01/2016</b></p>

## APPENDIX A – MANAGEMENT RESPONSE

Recommendations	Concurrence and Corrective Action Plan	Proposed Completion Date
<p><b>E.</b> Demonstrate the best value is obtained for all purchase solicitations by following the Metropolitan Nashville Procurement Code.</p>	<p><b>Agree.</b> All purchase solicitations made under the current Juvenile Court administration have been and will remain in full compliance with the provisions of the Metropolitan Nashville Procurement Code.</p>	<p><b>09/02/2014</b></p>
<p><b>F.</b> Ensure all receipts are collected from individual drivers of Juvenile Court vehicles in the Juvenile Court and reconciled to the monthly WEX fuel statements.</p>	<p><b>Agree.</b> Procedures are under development to insure that the supervisors of the two court divisions operating fleet motor vehicles conduct the recommended reconciliation on a monthly basis and report any discrepancies for further review or action as may be required.</p>	<p><b>06/01/2016</b></p>
<p><b>G.</b> Develop procedures that maintain a record of leave time requests and subsequent management approval.</p>	<p><b>Agree.</b> Juvenile Court is currently working with Justice Integration Services to develop a court-specific intranet site for use by court personnel. The leave request submission and management review/approval process will be incorporated into the intranet functionality.</p>	<p><b>09/01/2016</b></p>
<p><b>H.</b> Conduct an annual physical inventory and update fixed asset records accordingly.</p>	<p><b>Agree.</b> A complete inventory of appropriate physical items (e.g., computers, printers, projectors, etc.) will be conducted by the end of FY16 and fixed asset records updated accordingly.</p>	<p><b>06/30/2016</b></p>

## APPENDIX B – MANDATORY CORE STANDARDS

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Total Number of Standards: 138. Mandatory Standards: 46. Non-Mandatory Standards: 92.

### **Summary of Mandatory Core Standards**

1-CORE-1A-01 Sanitation  
1-CORE-1A-02 Sanitation  
1-CORE-1A-03 Sanitation  
1-CORE-1A-05 Water Supply  
1-CORE-1C-01 Emergencies  
1-CORE-1C-02 Emergencies  
1-CORE-1C-03 Emergencies  
1-CORE-1C-04 Fire Safety  
1-CORE-1C-05 Fire Safety  
1-CORE-1C-06 Fire Safety  
1-CORE-1C-07 Fire Safety  
1-CORE-2A-22 Special Management Inmates  
1-CORE-2B-01 Use of Force  
1-CORE-2B-03 Four/Five Point Restraints  
1-CORE-2B-06 Weapons  
1-CORE-2D-01 Key, Tool, and Utensil Control  
1-CORE-4A-01 Dietary Allowances  
1-CORE-4A-03 Food Service Facilities  
1-CORE-4A-04 Health Protection  
1-CORE-4A-05 Health Protection  
1-CORE-4C-01 Access to Care/Clinical Services  
1-CORE-4C-03 Emergency Services  
1-CORE-4C-05 Pregnancy Management  
1-CORE-4C-06 Communicable Disease and Infection Control Program  
1-CORE-4C-07 Chronic Care  
1-CORE-4C-09 Health Screens  
1-CORE-4C-10 Health Screens  
1-CORE-4C-11 Health Appraisal  
1-CORE-4C-12 Mental Health Program  
1-CORE-4C-13 Suicide Prevention and Intervention  
1-CORE-4C-14 Detoxification  
1-CORE-4C-15 Pharmaceuticals  
1-CORE-4 D-01 Health Authorities  
1-CORE-4D-03 Provision of Treatment  
1-CORE-4D-04 Personnel Qualifications/Credentials  
1-CORE-4 D-05 Emergency Responses  
1-CORE-4D-07 Confidentiality  
1-CORE-4D-08 Informed Consent  
1-CORE-4D-09 Involuntary Administration  
1-CORE-4 D-10 Researches  
1-CORE-4D-Y2 Use of Restraints  
1-CORE-4D-16 Sexual Assault  
1-CORE-4D-17 Inmate Death/Health Care Internal Review and Quality Assurance  
1-CORE-5C-05 Work and Correctional Industries  
1-CORE-6A-06 Protection from Abuse  
1-CORE-7B-06 Weapons Training