



# OFFICE OF INTERNAL AUDIT

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## REPORT TO THE PINAL COUNTY BOARD OF SUPERVISORS

### PINAL COUNTY CLERK OF THE SUPERIOR COURT CASH MANAGEMENT

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## **Executive Summary**

The Pinal County Office of Internal Audit has completed an audit of the Clerk of the Superior Court's (COSC) cash management. The audit was included in the FY 2012-2013 Internal Audit Plan approved by the Pinal County Board of Supervisors. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The overall objective of this audit was to ensure controls are designed to provide reasonable assurance regarding the safeguarding of assets and compliance with applicable policy, laws and regulations. Specific audit objectives were to:

- Research applicable regulations
- Review system overview diagram
- Review Minimum Accounting Standards Checklists submitted to the Administrative Office of the Courts

## **Overall Conclusion**

Our overall conclusion is the Clerk of the Superior Court has designed proper internal controls to provide reasonable assurance regarding the safeguarding of assets and compliance with applicable policy, laws and regulations. We determined controls were consistent for all office locations; however, we identified the following areas for improvement:

- Minimum Accounting Standards (M.A.S. compliance) training
- User access reviews

Our recommendations include:

- 1. Internal Audit recommends regularly training clerks on Minimum Accounting Standards (M.A.S.) cash handling requirements.***
- 2. Internal Audit recommends, at least, annual user access reviews for all systems. Reviews should be documented with the reviewer name and the date of review.***

We would like to thank the management and staff of the Pinal County Clerk of the Superior Court's Offices and County Management for their assistance and cooperation during the course of this audit. The following report provides additional details of our audit observations and recommendations.

## **Audit Scope and Methodology**

The scope of our audit was to determine if adequate internal controls have been established to provide reasonable assurance regarding the safeguarding of assets and compliance with applicable policy, laws and regulations. The following methodologies were used to complete our examination:

- Reviewed relevant policies and procedures, including:
  - ✓ The Arizona Code of Judicial Administration
  - ✓ Minimum Accounting Standards Compliance Checklist
  - ✓ Pinal County's Clerk of the Superior Court Cash Handling
- Interviewed select department staff
- Observed office cash handling opening and closing procedures
- Reviewed Clerk of the Superior Court System Overview Diagram

## **Background**

The Clerk of the Superior Court, which the Arizona Constitution established as an elected official within each of the state's fifteen counties, serves as the official record keeper and financial officer of the Superior Court. Arizona Revised Statutes, Supreme Court and Local Court Rules clearly define the duties and functions of the Clerk of the Superior Court (COSC). These functions include, but are not limited to:

- **Administrator of Court Records and Exhibits**

All of the documents presented in a Superior Court case must be received, processed, secured and purged in accordance with certain statutory time constraints, archival standards and requirements. In this role the Clerk identifies the changing needs of various records management programs to ensure that the interest of the courts and the public are secured.

- **Fiduciary/Financial Officer of the Courts**

As the court's fiduciary officer, the Clerk receives, records, invests and disburses all statutory fees, fines, reimbursements, restitution and public/custodial trust funds, as ordered by the court.

- **Judicial and Quasi-Judicial Officer**

The Clerk issues writs, subpoenas, wage assignments, and other court-related orders, serving in a quasi-judicial capacity. The Pinal County Clerk of the Superior Court has been appointed as the county's Probate Registrar and performs limited judicial functions in association with that appointment.

- **Ex-Officio Clerk of the Superior Court**

The Clerk's presence at all court sessions is required by statute to receive and record court documents and exhibits, thereby establishing an independent record of court proceedings. In this role, the Clerk is responsible for ensuring proper documentation of court action as well as public access to court records.

- **Elected Departmental Administrator**

As the elected administrator of a court department, the Clerk has the responsibility to establish office policies, budgets, and procedures in accordance with the governing guidelines and policies of the Superior Court, the Supreme Court and Pinal County. The Pinal County Clerk of the Superior Court (COSC) manages a staff of approximately ninety (90) employees and oversees an annual budget of approximately \$5.8 million dollars.<sup>1</sup>

There are currently three COSC offices operating in Pinal County. The main office is on the first floor of the newly constructed Pinal County Court House in Florence, Arizona. Satellite offices are in Apache Junction, Arizona and Casa Grande, Arizona. Services in the satellite office in Mammoth, Arizona have been temporarily suspended.



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<sup>1</sup> <http://www.pinalcountyz.gov/Departments/JudicialBranch/ClerkoftheSuperiorCourt/Documents/Downloads/SBPFinal.pdf>

<sup>2</sup> <http://www.pinalcountyz.gov/Departments/JudicialBranch/ClerkoftheSuperiorCourt/Pages/AboutUs.aspx>

<sup>3</sup> <http://www.pinalcountyz.gov/Departments/JudicialBranch/ClerkoftheSuperiorCourt/Pages/Locations.aspx>

## AUDIT OBSERVATIONS AND RECOMMENDATIONS

### A. Cash Handling Requirements

Arizona Code of Judicial Administration Minimum Accounting Standards (M.A.S.), effective January 1, 2013, Standard K.3.b, requires all monies received by Arizona courts **to be deposited in the same form as received.**

Office hours at satellite locations for the Pinal County Clerk of the Superior Court (COSC) and the Treasurer's offices are not the same. The COSC offices are open Monday through Friday excluding observed holidays. The Treasurer's office in Apache Junction is open on Mondays, Wednesdays, and Fridays, and the Treasurer's Office in Casa Grande, Arizona is open on Tuesdays and Thursdays. Office safes are provided at COSC satellite offices to allow temporary storage for monies received on those days when the Treasurer's office is closed.

During our discussion with satellite office staff, one employee reported they used previous day monies in the safe to generate needed morning change the following day; preventing the office from making a deposit in the same form as received. Staff were not aware of the M.A.S. K3.b. requirement.

#### Recommendation

1. *Internal Audit recommends regularly training clerks on Minimum Accounting Standards (M.A.S.) cash handling requirements.*

### B. User Access Reviews

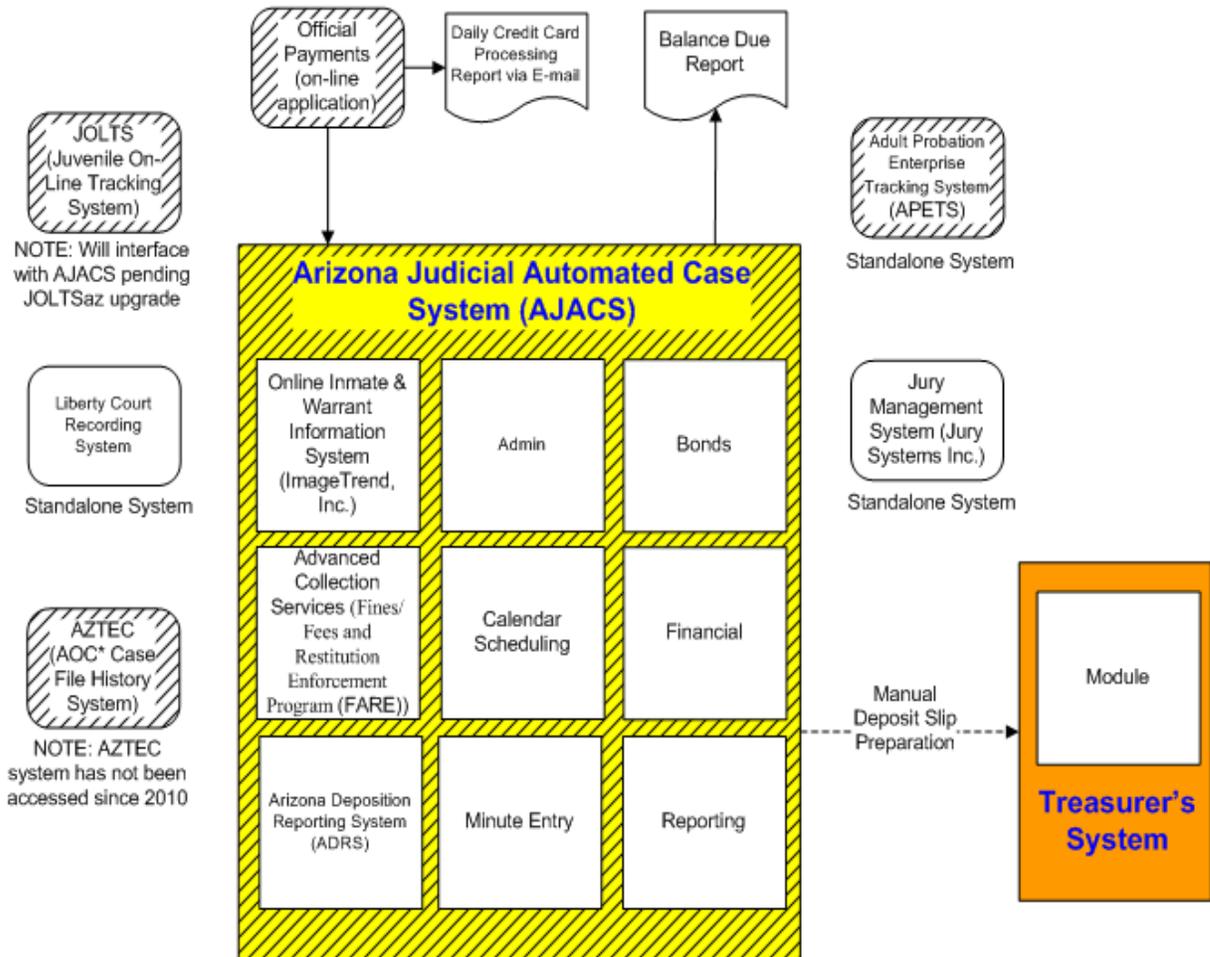
User access reviews for information technology systems used by COSC are not documented when employees transfer jobs or are terminated from Pinal County. These reviews include periodically assessing necessary access to systems and disabling access no longer needed. Performing periodic reviews maintains proper security over financial transaction processes.

Internal Audit reviewed user access profiles on all systems and found profiles for two employees from the Mammoth office, and two terminated employees, still active on the AJACS system.

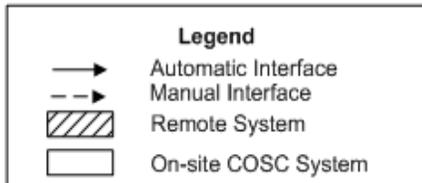
#### Recommendation

2. *Internal Audit recommends, at least, annual user access reviews for all systems. Reviews should be documented with the reviewer's name and the date of review.*

# CLERK OF THE SUPERIOR COURT SYSTEMS OVERVIEW DIAGRAM



\* AOC – Administrative Office of the Courts



Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
<p>1. <i>Internal Audit recommends regularly training clerks on Minimum Accounting Standards (M.A.S.) cash handling requirements.</i></p>	<p>Yes</p>	<p>An in-depth training will be provided to all staff on Minimum Accounting Standards (MAS). The first wave of training is scheduled to begin on 4/1/13.</p>	<p>4/1/2013</p>	<p>Business Operations Manager</p>
<p>2. <i>Internal Audit recommends, at least, annual user access reviews for all systems. Reviews should be documented with the reviewer's name and the date of the review.</i></p>	<p>Yes</p>	<p>User access and security reviews were instituted with the current administration. Currently, the COSC has reporting abilities for disabled users, security group access and frequency of use.</p> <p>While the COSC has local management of the AJACS security matrix, it should be noted that the definitions of the matrix's functionality have never been fully conveyed to the department from the AOC.</p>	<p>4/1/2013</p>	<p>Information Technology Director</p>