

Second Judicial District Court

Instances of Noncompliance Reported to Management by Independent Auditor

Year Ended June 30, 2018

To the Judge(s) of Second Judicial District Court:

We have performed the procedures enumerated below, which are required by the Minimum Accounting Standards Guide for External Audits, solely to assist the Court and the Nevada Supreme Court in evaluating the Second Judicial District Court's compliance with the requirements of Minimum Accounting Standards (MAS) during the year ended June 30, 2018. The court's judges and staff are responsible for the Second Judicial District Court's compliance with the applicable Minimum Accounting Standards issued by the Nevada Supreme Court.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. We obtained from the judge(s) and staff a copy of the Second Judicial District Court's submitted written procedures, as required to be maintained by Supreme Court Order with various dates for revision by all reviewed 05/2018, which the judge(s) and staff informed us was submitted to the Nevada Supreme Court and was in effect during the year ended June 30, 2018. These written procedures were used for the section 1 review and also audit fieldwork and, as they straddle the fiscal year under review, we sought and received approval from the Nevada Supreme Court's AOC Audit Manager on January 8, 2019 to use this version throughout the audit process.
2. We obtained from a copy of MAS Version 3.1 published by the Administrative Office of the Courts dated January 2018 and also MAS Version 3.0 dated January 2012. The two documents straddled the audit period, July 1, 2017 through June 30, 2018 and, per AOC Audit Manager, version 3.1 did not substantially change
3. We compared the detailed controls and procedures, provided in the Minimum Accounting Standards, obtained in procedure 2, to the detailed controls and procedures described in the written procedures, obtained in procedure 1, to determine whether the required controls and procedures specified in the MAS were included in the written procedures.

We noted two instances where the required MAS controls and procedures were not included in the written procedures or the written procedures did not comply with the MAS. Such instances of noncompliance have been included in list findings

4. In accordance with the Minimum Accounting Standards Guide for External Audits effective January 2018, we completed all testing procedures. We noted zero instances of noncompliance.

The prior audit, completed in 2014, was also reviewed for non-compliance and it was determined the court had made all necessary process improvements to correct the findings.

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We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Second Judicial District Court's compliance with the applicable MAS. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Nevada Supreme Court and the Second Judicial District Court and is not intended to be and should not be used by anyone other than these specified parties.



Samantha Pierce, Internal Auditor – Washoe County

January 17, 2019 – Completion of Audit Fieldwork and Report



Emily E. Kidd, CIA, CGAP, Internal Auditor – City of Reno

February 22, 2019 – Completion of Review of Fieldwork Documentation and Report

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List of Findings

Written Procedure Review:

MAS 1.1 & 1.2: The court must maintain detailed, written procedures addressing their operating practices and the items contained in this section and throughout the Minimum Accounting Standards. Any items/sections of the MAS, which are not applicable to the court's operations should be addressed as well as alternative control procedures used by the court to satisfy standards. The court's written procedures should include separation of duties including authority and responsibility of its staff as well as the items listed in section 1.2 A-H in addition to addressing the standards.

It was determined during the review of the courts written policy and procedures that the court maintained several individual policies making it difficult to relate a certain policy with a minimum accounting standard as set forth by the Administration Office of the Courts. It was recommended the court re-work and update their policy and procedures to flow with the minimum accounting standards in a single comprehensive document which ties more directly to that set forth by the Administration Office of the Court.

Management Response:

The policy and procedures will be updated to tie more directly with the minimum accounting standards set forth by the Administration Office of the Courts.

Payment Handling and Receipting Review Procedures – General Payment Procedures:

MAS 2.2: The courts payment receipting procedure must contain precise wording in their notice to customers.

It was determined the court had posted receipting procedures for their customers, however it was missing a portion of required wording. It was recommended the court add to their posted policy that the customer will receive a receipt when paying in person and that this receipt is proof of payment. Also they should add that any payments made via mail will only receive a receipt if requested or if the request made involves the court returning paperwork in which case the receipt will be provided with the returned package.

Management Response:

The notice was updated and posted during the audit.

Disbursements – Cash and Check Disbursements:

There were no instances of non-compliance in this section of the audit.

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Conversion of Monetary Penalties Imposed by the Court to Alternative Sentencing and Modification of Sentencing:

There were no instances of non-compliance in this section of the audit.

Trust Accounts and Bonds:

There were no instances of non-compliance in this section of the audit.

Bank Accounts:

There were no instances of non-compliance in this section of the audit.

Financial Management:

There were no instances of non-compliance in this section of the audit.

Computer Access and Security:

There were no instances of non-compliance in this section of the audit.

General Administrative Security and Key Controls:

There were no instances of non-compliance in this section of the audit.

Record Retention:

There were no instances of non-compliance in this section of the audit.

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Instances of noncompliance determined to be immaterial

Payment Handling and Receipting Review Procedures – Manual Payment Receipts:

MAS 2.18: The manual receipts should consist of at least two-part, carbon copy receipt.

It was determined the court did utilize the two-part, carbon copy receipt, however the court was retaining the original white copy of the receipt and providing the carbon copy to the customer. It was recommended the court retain the carbon copy receipt and provide the customer with the original.

Management Response:

The court has updated its policy and procedures to reflect that the court will keep the carbon copy while the original will be provided to the customer.