



Audit Department

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Angela M. Darragh, CPA, CFE, CISA, Director



September 24, 2012

Mr. Don Burnette
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Burnette:

We have completed our fiscal year 2012 audit of cash balances held in the custody of other officials. The objectives of our procedures were to (1) verify that imprest checking accounts held at various departments agreed to Board of County Commissioner (BCC) approved imprest amounts and that these accounts are reconciled monthly in accordance with Fiscal Directive No. 16, and (2) confirm that petty cash and change funds held at various departments agreed with BCC approved amounts. We communicated the results of our procedures on a quarterly basis to the Office of the Comptroller and respective departments. Enclosed are copies of the fiscal year 2012 quarterly memos issued to the Comptroller.

We verified imprest checking accounts by reviewing the account custodian-prepared reconciliations and supporting schedules, including verifying that reconciliations are occurring monthly in accordance with Fiscal Directive No. 16. We verified petty cash and change fund amounts by electronic mailing of confirmation memos to the supervisor of the respective fund custodians. The memos were prepared as positive confirmations; the auditee was instructed that a response was required even if no discrepancies were noted. We agreed cash in custody amounts to BCC approved amounts and the general ledger. We also judgmentally selected six petty cash accounts and one change fund account and conducted surprise counts in person.

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 findings and conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by each of the departments we reviewed.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA, CFE, CISA
Audit Director

MEMORANDUM

Angela M. Darragh, CPA, CFE, CISA
Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller

FROM: Angela M. Darragh, Audit Director

SUBJECT: Fiscal Year 2012 - Fourth Quarter Cash Counts

DATE: September 24, 2012

In accordance with our annual audit plan, we reviewed the imprest account reconciliations for the fourth quarter schedule of cash counts covering the period April 1, 2012, through June 30, 2012. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, prior-year findings were reviewed to determine if these findings were addressed. A memorandum was forwarded to each department head to communicate the results of the imprest verifications. The summary results of the fourth quarter imprest account verifications, with balances shown as of the verification date, are shown below.

Petty cash and change funds confirmations were all sent out in the first three quarters of the fiscal year. As such, no cash confirmations needed to be sent out in the fourth quarter as noted below.

IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Reconciliation Total</u>	<u>Over (Short)</u>
LV Justice Court	\$ 800,000.00	\$ 800,343.20	\$ 343.20
Outlying Courts	12,650.00	12,650.00	0.00

Las Vegas Justice Court

We determined that the imprest balance as of June 1, 2012, showed an overage of \$343.20 (.04%) above the BCC approved imprest amount of \$800,000. We recommend the account custodian account for this overage on the next reimbursement request. We also noted that there were 28 outstanding checks (from August 2007 through April 2009) amounting to approximately \$14,500 that have been carried forward for several years. We recommend that those checks be cancelled and the funds be remitted to the State as unclaimed property. In addition, we reviewed six months of reconciliations and verified that the imprest account is being reconciled on a monthly basis, as required by Fiscal Directive No. 16.

Outlying Justice Courts

We determined that the imprest balances as of June 1, 2012, agreed to the BCC approved imprest amount of \$12,650. However, we found an old outstanding check in the amount of \$10 from August 2004 that has been carried over from month to month for several years. We recommend that this check be cancelled and funds remitted to the State as unclaimed property. We also noted that all but one of

the outlying courts have only one bank account (with Bank of America – BOA). The outlying court at Goodsprings has two bank accounts. For consistency and efficiency purposes, we suggest that Goodsprings consider consolidating the two accounts into one account with BOA. In addition, we found that there was no supporting documentation for the “bail holding” line item in the bank reconciliation. We recommend that a month-end report be produced on a going forward basis to help substantiate this line item amount on the reconciliation. Finally, we reviewed six months of reconciliations and noted that the accounts are reconciled on a monthly basis as required by Fiscal Directive No. 16.

CASH CONFIRMATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
None	\$ 0.00	\$ 0.00	\$ 0.00

Cash confirmations for all departments were handled in the first three quarters of fiscal year 2012. Therefore, no cash confirmations were necessary for the fourth quarter ending June 30, 2012.

cc: Mark Gamett

MEMORANDUM

Angela M. Darragh, CPA, CFE, CISA
Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller

FROM: Angela M. Darragh, Audit Director

SUBJECT: Fiscal Year 2012 - Third Quarter Cash Counts

DATE: April 12, 2012

In accordance with our annual audit plan, we reviewed the imprest account reconciliations for the third quarter schedule of cash counts covering the period January 1, 2012, through March 31, 2012. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, prior-year findings were reviewed to determine if these findings were addressed. A memorandum was forwarded to each department head to communicate the results of the imprest verifications. The summary results of the third quarter imprest account verifications, with balances shown as of the verification date, are shown below.

In addition to imprest verifications, we sent confirmation memos to selected departments with petty cash and change funds. We asked that an employee independent of the funds count and confirm the amount in custody. The memos were prepared as positive confirmations; the auditee was instructed that a response was required even if no discrepancies were noted. Further, we verified that the amounts of petty cash funds distributed to a sample of judgmentally selected departments agreed with the corresponding BCC approved imprest amounts. The results of our confirmations and verifications are also listed below.

IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Reconciliation Total</u>	<u>Over (Short)</u>
Animal Control	500.00	467.00	(33.00)
Parks & Recreation	\$ 1,000.00	\$ 1,000.00	\$ 0.00

Animal Control

We determined that (1) the imprest funds in the custody of the Animal Control Office as of January 31, 2012 showed a shortage of \$33 from the BCC approved imprest amount of \$500; (2) the imprest account reconciliations were not prepared on a regular monthly basis; and (3) the account custodian was carrying reconciling items between months, making it difficult to determine the source of an overage or shortage. The table below summarizes the results of the examination:

<u>Month</u>	<u>Overage/(Shortage)</u>	<u>% of \$500 Imprest Amount</u>
July, 2011	\$ (60.00)	12%
August, 2011	None *	Not Applicable
September, 2011	None *	Not Applicable
October, 2011	(93.00)	19%
November, 2011	(213.00)	43%
December, 2011	(33.00)	7%
January, 2012	(33.00)	7%

* the account custodian was on leave

We recommend that the Animal Control Office reconcile its imprest checking account to the Board-approved imprest amount in accordance with Fiscal Directive No. 16. The Office should establish and follow proper reconciliation procedures. Reconciling items incurred in one month should not be carried forward to other months. We further recommend that the Animal Control Office establish proper recordkeeping policies and procedures to address the performance of the monthly reconciliations when the account custodian is out on leave.

CASH CONFIRMATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
Development Services	\$ 1,000.00	\$ 1,000.00	\$ 0.00
Henderson Justice Court	550.00	550.00	0.00
Juvenile Justice	860.00	860.00	0.00
LV Justice Court	10,000.00	10,000.00	0.00
LVMPD			
Imprest	225,000.00	225,000.00	0.00
Insurance	10,000.00	10,007.50	7.50
Travel Bank	10,000.00	10,000.00	0.00
Change Fund	5,000.00	5,000.00	0.00
Petty Cash	450.00	450.00	0.00
Outlying Justice Courts	900.00	900.00	0.00
Parks & Recreation	2,500.00	2,500.00	0.00
Parks & Recreation Shooting Complex	4,500.00	4,499.43	0.57
Public Administrator	200.00	200.00	0.00
Public Works	350.00	350.00	0.00
Recorder	9,950.00	9,950.00	0.00
Regional Flood Cont. Dist.	500.00	500.00	0.00
Treasurer	20,100.00	20,100.00	0.00

Las Vegas Metropolitan Police Department (LVMPD)

According to LVMPD staff, the \$7.50 overage is interest earnings that had not been remitted to the County Treasurer. We did not follow-up on the \$7.50 overage, as the amount was de minimus.

Parks & Recreation Shooting Complex

We performed a surprise count of the Parks & Recreation Shooting Complex Petty Cash on January 11, 2012. The results of our count showed total cash of \$492.20 and receipts of \$7.23. The authorized amount of \$500 was short by \$.57 cents.

During our count, we noted one receipt for the purchase of a sympathy card for a member of the Shooting Range Advisory Committee. The sympathy card purchase is not an appropriate use of the petty cash fund and is in violation of Fiscal Directive 16.

The petty cash custodian has the ability to reimburse herself for petty cash receipts. The petty cash reimbursement form dated November 22, 2011 was approved by the custodian on November 23, 2011; however, the receipt originated with the same custodian. The petty cash custodian and the approver should always be two different individuals to prevent misappropriation of the funds.

Additionally, we reviewed two vendor payment requests dated January 28, 2011 for \$244.87 and August 8, 2011 for \$496.57. We noted the following:

January 28, 2011 vendor payment request

- 1) On the Home Depot receipt dated September 26, 2010, store credit of \$11.23 was applied to the total receipt amount of \$21.41, leaving a balance due of \$10.18. However, the total reimbursement from petty cash was \$31.66. Assuming the store credit belonged to employee Lesa Coder since her name is written by the store credit line on the receipt, her reimbursement should have been \$11.23, not \$21.41, and Doug Miles' reimbursement should have been \$10.18, not \$10.25. Lesa Coder was over paid \$10.18 and Doug Miles was over paid \$.07 on this transaction. Additionally, employees should be instructed not to use personal credit cards/gift cards to complete County transactions.
- 2) One of the purchases from Home Depot was made using a Visa card. The petty cash fund is to provide cash so that the employee does not have to use personal funds to make the purchase. The use of personal funds provides opportunity to commingle business and personal purchases, which should not occur.
- 3) Two separate trips were made to Home Depot by the same employee. One trip was made on September 26, 2010, at 10:09 a.m., and the second trip was made at 11:15 a.m. Better planning would eliminate the need for multiple trips to Home Depot.
- 4) Petty cash funds were used to reimburse sales tax in the amount of \$11.69. Clark County, as a government agency, is exempt from the payment of sales tax. The purchaser should obtain and present the exemption letter for each purchase to avoid the payment of sales tax.
- 5) The justification for this Vendor Payment Request stated the following: "Urgent expenditures not supported by Purchase Orders". Of the seven submitted receipts, it appears that two of the receipts could be classified as an emergency; however, the other five purchases could have been accomplished through a purchase requisition process if the proper planning had occurred. For the two emergency purchases, Fiscal Directive 6 step G was not followed. This section outlines procedures that must be followed when emergency purchases are made.

August 8, 2011 vendor payment request

- 6) The petty cash resolution dated March 2, 2010, states that the maximum dollar amount for any single expenditure from the petty cash account is \$100. On July 14, 2011, 14 masking tape items were purchased at a total cost of \$223.58, and on July 27, 2011, 12 masking tape items were purchase at a total cost of \$191.64. Clearly, the \$100 maximum amount was exceeded for both of the purchases. The use of petty cash would have been unnecessary if staff had properly maintained the masking tape inventory. The purchase should have been completed using the purchase requisition process. Each masking tape item included 9 rolls of tape, so the price paid per roll was \$1.77. However, the price per roll on a purchase order dated July 27, 2011, was \$.78.

- 7) The purchase of cups from Costco is not an appropriate use of petty cash funds. A purchase order should be in place for the purchase of paper products. Additionally, sales tax of \$2.75 was paid on this purchase.

During calendar year 2011, the petty cash account was only reimbursed twice. This may indicate that the account is not necessary, due to the infrequent use of the funds. Additionally, when the account was used, the purchases were not made in accordance with established policy. Therefore, we recommend that the need for the \$500 petty cash account be reassessed.

cc: Mark Gamett

MEMORANDUM

Angela Darragh, CPA, CISA, CFE
Audit Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller
FROM: Angela Darragh, Audit Director
SUBJECT: Fiscal Year 2012 – Second Quarter Cash Counts
DATE: February 15, 2012

In accordance with our annual audit plan, we reviewed the imprest account reconciliations for the second quarter schedule of cash counts covering the period October 1, 2011, through December 31, 2011. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, prior-year findings were reviewed to determine if these findings were addressed. A memorandum was forwarded to each department head to communicate the results of the imprest verifications. The summary results of the second quarter imprest account verifications - balances shown as of the verification date- are shown below.

In addition to imprest verifications, we sent confirmation memos to selected departments with petty cash and change funds. We asked that an employee independent of the funds count and confirm the amount in custody. The memos were prepared as positive confirmations; the auditee was instructed that a response was required even if no discrepancies were noted. Further, we verified that the amounts of petty cash funds distributed to a sample of judgmentally selected departments agreed with the corresponding BCC approved imprest amounts. The results of our confirmations and verifications are also listed below.

IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>Imprest Balance per GL</u>	<u>Audit Review Total</u>	<u>Over (Short)</u>
Family Services:			
Placement Prevention	\$ 20,000	\$ 20,000	\$ 0.00
Chafee	10,000	10,000	0.00
MGM	10,000	10,000	0.00
TANF	10,000	10,000	0.00
Juvenile Justice	2,885	2,885	0.00
Public Administrator	1,000	1,000	0.00
Public Guardian	1,000	1,000	0.00

CASH CONFIRMATIONS

The following table lists BCC-approved petty cash and change fund amounts held at selected departments as confirmed by the department or verified in person by the Audit Department:

<u>Fund Custodian</u>	<u>BCC-Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
Air Quality Management	\$ 1,000	\$ 1,000	\$ 0.00
Assessor	3,000	3,000	0.00
Aviation	22,450	22,450	0.00
Business License	3,500	3,500	0.00
Clerk	20,000	20,000	0.00
Comprehensive Planning	250	250	0.00
Detention Center	350	350	0.00
District Attorney	50	50	0.00
District Court	200,500	200,500	0.00
Election Department	200	200	0.00
Family Services Fund 101	2,500	2,500	0.00
Family Services Fund 237	600	600	0.00
Juvenile Justice Services	360	360	0.00
Las Vegas Constable	600	600	0.00
N. Las Vegas Constable	200	200	0.00

cc: Mark Gamett

MEMORANDUM

Angela Darragh, CPA, CISA, CFE
Audit Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller
FROM: Angela Darragh, Audit Director
SUBJECT: Fiscal Year 2012 – First Quarter Cash Counts
DATE: November 22, 2011

In accordance with our annual audit plan, we have reviewed the imprest account reconciliations for the first quarter schedule of cash counts covering the period July 1, 2011, through September 30, 2011. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, prior-year findings were reviewed to determine if these findings were addressed. A memorandum was forwarded to each department head to communicate the results of the imprest verifications. The summary results of the first quarter imprest account verifications -balances shown as of the verification date- are shown below.

In addition to imprest verifications, we verified that the amounts of petty cash funds distributed to NLV Justice Court and Social Services department agreed with the corresponding BCC approved imprest amounts. The results of our verifications are also listed below.

IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>Imprest Balance per GL</u>	<u>Audit Review Total</u>	<u>Over (Short)</u>
DA, Admin	\$ 3,000.00	\$ 3,000.00	\$ 0.00
DA, Family Support	2,000.00	2,000.00	0.00
Henderson Justice Court	3,000.00	3,000.00	0.00
NLV Justice Court	1,400.00	1,400.00	0.00
Social Services	500,000.00	500,000.00	0.00

CASH VERIFICATIONS

The following table lists BCC-approved petty cash and change fund amounts held at selected departments that were verified in person by our department:

<u>Fund Custodian</u>	<u>BCC-Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
NLV Justice Court	\$ 1,000.00	\$ 1,000.00	\$ 0.00
Social Services	100.00	100.00	0.00

cc: Mark Gamett