AUDIT DEPARTMENT

# Audit Report

## Las Vegas Metropolitan Police Department
## Sheriff's Civil Processing Section Revenue

January 2013

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

***AUDIT COMMITTEE:***
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# Audit Department

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


January 15, 2013

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

Dear Mr. Burnette:

As requested by the Office of the Sheriff, we conducted an audit of the Las Vegas Metropolitan Police Department Sheriff's Civil Processing Section Revenue.

The audit objectives were to determine whether controls in place are adequate to safeguard county assets from abuse and errors; revenue transactions are properly supported, recorded, processed, and deposited in their entirety in a timely manner in accordance with governing laws and regulations; Agency fund is reasonably reconciled with adequate supporting documentation; and corrective action was taken and implemented for findings on prior report issued June 6, 2011.

Our audit procedures disclosed that adequate controls are in place to safeguard county assets from abuse and errors. Revenue transactions are reasonably supported, recorded, and deposited in their entirety in a timely manner in accordance with governing laws and regulations. We did find opportunities for improvement in the reconciliation of the agency fund. We further noted that service levels for protective orders have decreased significantly to 30%, from 91.5% to 62%, which we believe is directly attributable to the number of deputies decreasing from 15 to 10. We determined that adequate actions have been taken to correct all findings previously reported.

A draft report was provided to the Sheriff for comment and his response is included. We appreciate the cooperation and assistance provided by the Sheriff's Civil Processing Section.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA
Audit Director


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## BACKGROUND

The Sheriff's Civil Process Section (SCPS) is a county office under the direction of the Sheriff. The Sheriff has the statutory duty of providing service of process to civil and criminal cases in unincorporated Clark County. He also has the responsibility for enforcement of civil process resulting from court judgments that may include seizing of funds and property. Under statutory authority and requirements, the Sheriff appoints deputies who are County employees to fulfill these functions. These deputies are full-time peace officers certified by the Peace Officer's Standard Training Committee. Clark County and the Las Vegas Metropolitan Police Department entered into an interlocal agreement for operation and supervision of the Civil Process Section. All administrative employees within the Civil Process Section are also County employees.

The Civil Process Section provides service of process for cases received from Clark County District Court, Justice Courts, and other jurisdictions throughout the United States. The majority of documents originate in District Court.

SCPS processes all transactions through the Civil Serve application. This application maintains case balances and process of service information. Financial transactions from Civil Serve are manually recorded in the county-wide SAP system. SCPS completed an upgrade of Civil Serve in January 2011. At that time, significant processing changes were made to the application, including taking of fees automatically from the first amounts collected and decreasing the days receipted funds are held prior to disbursement from 15 to 2 days.

SCPS received 5,540 documents to process during January 1, 2012 to June 30, 2012. Of these, 4,049 (73%) are protective orders. Total amounts receipted for the audit period amounted to $546,412. The Sheriff is liable in accordance with state statute for the property and funds held until the property is transferred or amounts are paid (refunded).

## OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit are to determine if:

- Controls in place are adequate to safeguard county assets from abuse and errors.
- Revenue transactions are properly supported, recorded, processed, and deposited in their entirety in a timely manner in accordance with governing laws and regulations.
- The Agency fund is reasonably reconciled with adequate supporting documentation.
- Corrective action was taken and implemented for findings on prior report issued June 6, 2011.

To achieve our audit objectives, we conducted interviews with key personnel; performed observations and walkthroughs; reviewed policies, procedures, and laws; and performed test of details and analyses. We performed analyses to determine that all receipts and documents were accounted for. We selected a sample of 25 documents and examined these documents for accuracy of recording of dates and judgment amounts where applicable, classification of document type, fees and commissions in accordance with NRS, receipted amounts, and refunded amounts. We then determined that reports for case balances were accurate. We further examined efficiency in processing documents from the date entered, serve dates, receipted dates, and to subsequent refunding dates. We performed a test of all fees coded into Civil Serve for compliance with NRS. We also performed testing of receipted transactions and subsequent deposits determining efficiencies in making deposits in their entirety in a timely manner. We examined a sample of voided receipts, performed accounts receivable testing, and no fee testing. We then performed a reconciliation of Fund 7480. A serve analysis was performed determining whether service is efficient. The analysis was supported by detail testing of a sample of 10 protective orders. These tests and analyses were performed sufficient to address corrective actions taken on findings previously reported.

During our fund reconciliation, we identified a difference between expected amounts and actual amounts. To determine the cause of the difference, we performed additional procedures to reconcile the fund to January 1, 2011. Our audit covered the period from January 1, 2012 to June 30, 2012. The last date of fieldwork was October 5, 2012. 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.

## RESULTS IN BRIEF

We determined that adequate controls are in place to safeguard county assets from abuse and errors. We examined revenue transactions and determined that these are properly supported, recorded, processed, and deposited in their entirety in a timely manner in accordance with governing laws and regulations.

We did find opportunities for improvement in the reconciliation of the agency fund. We further noted that service levels for protective orders have decreased significantly to 30%, from 91.5% to 62%, which we believe is directly attributable to the number of deputies decreasing from 15 to 10. These issues will be discussed in further detail below. Corrective action has been taken on all but two prior audit findings. We determined that one finding was addressed through alternate processes in the County and the remaining finding regarding the Writ of Garnishment in Aid of Writ of Attachment was not a significant deviation from state statutes, as very few of these documents (1 document ) are processed through SCPS. Revenue cycle efficiencies have been increased by the taking of fees on amounts first collected as opposed to waiting to be paid after billing. Efficiencies have also improved for reconciliation of Fund 7480 due to the transfer of fees and commissions when checks are disbursed from Civil Serve.

## DETAILED RESULTS

### Fund 7480 Shortage

Prior to our audit, Fund 7480 had not been reconciled since January 2011. We performed a reconciliation to determine if there were any discrepancies in fund balances. We found that Fund 7480 is short $15,369 due to a double transfer of civil monies to the operating account, Fund 2060, for a period of three months. The double transfer actually occurred when SCPS changed processes to transfer funds in April 2011 based on Civil Serve check amounts as opposed to transfers through deposits. The subsequent Civil Serve checks were not adjusted for the civil fees already transferred through the

deposits. The total unadjusted check amounts were then used to prepare the journal entry for transferring the civil fees in the County's financial system, SAP, causing a double transfer.

We believe that the Civil Serve beginning balance was also affected by the transfer of $800 of receipts between Civil Serve versions when the system was upgraded. We also found the SAP balance is overstated by an immaterial amount of $2.

We believe Civil Serve upgrades eliminated the reports previously used for the reconciliation, and a new methodology for reconciling the fund was not developed by SCPS. Without a complete reconciliation, SCPS is not assured that the fund contains sufficient amounts to disburse case balances when required. The Sheriff has a fiduciary responsibility for monies held on behalf of others and could be held liable if sufficient funds do not exist.

*Recommendation*

We recommend that the SCPS reconcile Fund 7480 to SAP at least monthly. We further recommend that the SCPS prepare a journal entry for the Comptroller's Office to transfer the shortage of $15,369, net of an immaterial decrease of $2, from the operating fund to Fund 7480. Civil Serve beginning balances should also be examined and necessary adjustments made for the $800 discrepancy.

## Protective Orders Service Level Decreases with Increased Workload

During previous audits, the department's goal was to have substantially all protective order documents served within three days. The procedures state that protective orders must be available to attempt to serve a minimum of two business days after the documents are received, which supports the three day goal. However, due to reductions in staff, protective orders are now generally served within six days.

Civil Serve classifies 4,049 documents as protective orders. The prior reported service level of 91.5% for first serve attempt on protective orders within three days of receiving the documents has decreased to 62% (2,522 of 4,049 documents). During the period under review, 93% of protective orders are attempted to be first served within six days, an increase of three days.

We believe the decrease in service levels is directly related to a decrease in deputies within SCPS. The number of deputies decreased

from 15 to 10, a 33% decrease. The comparable workloads have increased significantly by 62% per deputy for protective orders and 48% for all document types. We determined that the average number of days to enter any document into Civil Serve is 1.22 and we believe is not affecting service levels.

Considering workloads have increased significantly (62%), service levels have decreased at a much lower rate (30%). This indicates that SCPS is making dedicated efforts to serve protective orders within a reasonable time given the decrease in deputies available to serve documents.

*Recommendation*

We understand that SCPS is discussing workload increases with the Sheriff's Office. We recommend that the Sheriff's Office be provided with service level rates so that he can determine if current levels are acceptable.

LAS VEGAS METROPOLITAN POLICE DEPARTMENT

**MEMORANDUM**

**DATE:** 11/27/2012

**TO** : Angela Darragh, Director Clark County Audit

**THROUGH** : Captain Frank Reagan

**SUBJECT** : Clark County Sheriff's Civil Audit Response

We respectfully offer the following in response to the Audit Report of the Sheriff's Civil Process Section, dated November 19, 2012.

**Recommendation: "We recommend that the SCPS reconcile fund 7480 to SAP at least monthly. We further recommend that the SCPS prepare a journal entry for the Comptroller's Office to transfer the shortage of $15,369 net of an immaterial decrease of $2, from the operating fund to Fund 7480. Civil Serve beginning balances should also be examined and necessary adjustments made for the $800 discrepancy."**

*Concur. The audit process identified errors pertaining to a double transfer of funds which occurred over a three month period. These errors were attributed to a change in procedures within the Civil Serve software program, and simple resulted in monies being transferred to our other operating fund account, Fund 2060, instead of being maintained in Fund 7480. The errors amounting to $800 were attributed to errors which occurred when the Civil Serve software was updated. Both are being corrected immediately as recommended in the audit findings, and should be resolved by 12/01/12 at the latest.*

*Due to the changes in our software, which were significant, reconciliation had not occurred since early 2011. One of the reasons we had requested this audit was to receive assistance in being able to reconcile our accounts. We have received the ability to audit our accounts, and we will be conducting our first reconciliation of the account in December 2012. The reconciliation will occur monthly from that month forward. All clerical staff will be trained in how to complete the reconciliation, and an internal manual is being developed to use as a reference, as well as for future training purposes.*

**Recommendation: "We understand that SCPS is discussing workload increases with the Sheriff's Office. We recommend the Sheriff's Office be provided with service level rates so that he can determine if current levels are acceptable."**

*Concur. Since the previous audit, five commissioned positions had been vacated due to retirements, or 33% of our field staff. When the audit started, we were in the process of*

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*being allowed to hire two new full time commissioned employees in the unit. However, three of the positions were completely eliminated by Clark County due to the current budget situation, including one Senior Deputy (supervisory) position. Just prior to the conclusion of the audit, we hired two Deputy Sheriffs, bringing our unit to full staffing under the newly determined staffing numbers. They are now trained and in the field operating in assigned areas of responsibility, which has resulted in a reduction of area size for the other Deputies. This will have a positive impact on our ability to serve documents, especially Protection Orders.*

*The entire chain of command is provided with our current service rates for protections orders on a weekly basis in a weekly report I am required to send to my Captain. While we have seen a decrease in overall service rates, this would be inevitable due to the amount of staffing we lost and due to our unit covering the entire county. Where we have taken a definite hit is in the area of getting cases into the field and making a first attempt in a timely manner, which is understandable given the associated increase of personal case loads.*

*Our Deputies have done the best they could under the circumstances, and I feel that with the additional staff we recently hired, those rates will improve. The loss of three positions is still the equivalent of 20% of our previous staffing levels in the unit, but the Protection Order workload has remained steady despite the reduction in staff and population. I believe this will remain a challenge in the years to come, but any crucial changes that adversely impact the unit will be reported to the chain of command.*

On behalf of the Detention Services Division and the Las Vegas Metropolitan Police Department, it is with sincere appreciation that we thank Clark County Audit Department Director Angela Darragh, and Principal Auditor Rachael Bernal, for their assistance during this process.

We also would like to thank Financial Manager Steve Morris for his assistance in allowing us to fill the most recently vacated positions on relatively short notice to bring the staffing levels back to approved levels on the commissioned side of the unit. This support is crucial to ensuring we are able to protect the community and carry out statutory duties required under civil processes.

During the last audit, several changes were made to policies and procedures in the front office, and it was good to see that those changes had a positive impact on our safeguards and controls in the office. By being given the tools to do a complete reconciliation in the new software system, we are confident this will result in complete control and oversight of our accounts, and will identify errors that are made in a timely manner.

We look forward to working with you in the future and thank you again for working with us to successfully carry out the audit of our section.

Lt. Richard Forbus Jr.
PN5372 LVMPD

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