



Audit Department

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

October 6, 2016

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

Dear Mr. Burnette:

We recently completed our fiscal year 2016 audit of cash balances held in the custody of other officials. The objectives of our procedures were as follows:

- Verify that imprest checking account amounts held by various departments agreed to Board of County Commissioner (BCC) approved imprest amounts and that these accounts were reconciled monthly in accordance with Fiscal Directive No. 16; and
- Confirm that petty cash and change funds held by various departments agreed with BCC approved amounts.

In order to achieve our objectives, we verified imprest checking accounts by reviewing the account custodian-prepared reconciliations and supporting schedules. This included verifying that departments perform reconciliations monthly in accordance with Fiscal Directive No. 16. We verified petty cash and change fund amounts by obtaining confirmation of the amount on hand from the supervisor of the respective fund custodians. Additionally, we observed petty cash and change fund balances on a sample basis as unannounced surprise counts. Finally, we agreed cash in custody amounts to BCC approved amounts and the general ledger.

Each quarter we communicated the results of our procedures to the Clark County Comptroller and affected Department Heads. Enclosed are copies of the fiscal year 2016 quarterly memos issued to the Comptroller.

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,

Angela M. Darragh, CPA
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 2016 - Fourth Quarter Cash Counts
DATE: October 5, 2016

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, 2015, through June 30, 2015. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, we reviewed prior-year findings to determine if corrective actions were implemented. We sent a memorandum 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.

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 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	\$1,350.08	\$850.08
LVJC	\$800,000.00	\$800,000.00	\$0.00
Parks & Recreation	\$2,500.00	\$2,500.00	N/A

Animal Control

Animal Control stopped collecting deposits on cat traps as of September 22, 2016 and will be dissolving the imprest account. No further work or recommendation is necessary.

CASH CONFIRMATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
LVJC*	\$10,000.00	\$10,000.00	\$0.00
Parks & Recreation	\$2,500.00	\$2,500.00	\$0.00
Parks & Recreation Shooting Complex	\$6,500.00	\$6,500.00	\$0.00
LVMPD			
Imprest	\$225,000.00	\$225,000.06	\$(.06)
Insurance	\$10,000.00	\$10,000.00	\$0.00
Travel Bank	\$10,000.00	\$10,000.00	\$0.00
Change Fund	\$5,450.00	\$5,450.00	\$0.00
Petty Cash	\$350.00	\$350.00	\$0.00
Recorder	\$4,150.00	\$4,150.00	\$0.00
Regional Flood Cont. Dist.	\$500.00	\$500.00	\$0.00
Treasurer	\$20,100.00	\$20,100.00	\$0.00

*NOTE: We judgmentally selected these accounts and verified the amounts via observation of hard count.

Las Vegas Metropolitan Police Department (LVMPD)

The overage of \$.06 is deemed immaterial and not an exception.

The prior year audit finding related to lack of an updated resolution for the Travel Fund was resolved.

Regional Flood Control District (RFCD)

The Regional Flood Control District (RFCD) fund had a prior year audit finding that the fund was listed as an Imprest Account in the Board Resolution but was actually being used as a petty cash fund. This finding was resolved by the RFCD. RFCD updated the resolution to reflect the correct nature of the cash in custody as a petty cash fund.

cc: Nellie Symons
Anna Danchik
Jackson Wong, LVMPD

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 2016 - Third Quarter Cash Counts

DATE: August 31, 2016

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, 2016, through March 31, 2016. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, we reviewed prior-year findings to determine if corrective actions were implemented. We sent a memorandum to each department head to communicate the results of the imprest verifications. The summary results of the third quarter imprest account verifications, with balances as of the verification date, are shown below.

In addition to imprest verifications, we sent confirmation memos to 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 Board of County Commissioners (BCC) approved 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>Audit Review Total</u>	<u>Over (Short)</u>
Outlying Courts	\$17,150.00	\$17,150.00	\$0.00

Outlying Justice Courts

We determined that the imprest balances as of February 28, 2016 agreed to the BCC approved imprest amount of \$17,150. A prior year audit finding related to a lack of supporting documentation for the "bail holding" line item in the bank reconciliation was addressed via a procedure the Courts have in place in review/reconcile the bail holding amount. The bail holding reports from Courtview in general will be reviewed in more detail during revenue audits.

An additional prior year audit finding related to items not adequately accounted for at the Bunkerville and Moapa Valley Courts was corrected.

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>
Election Department*	\$200.00	\$200.00	\$0.00
Outlying Justice Courts	\$900.00	\$900.00	\$0.00

*NOTE: We judgmentally selected \$100 of the change fund that resides at the Clark County Government Center and verified the amount via observation. The remaining \$100 of the change fund resides at the Election Department’s warehouse location; we did not count this portion of the revolving change bank account for FY16. We will include it in a subsequent year’s audit of the fund.

cc: Nellie Symons
Anna Danchik

MEMORANDUM

Angela Darragh, CPA, CISA, CFE
Audit Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller
FROM: Angela Darragh, Audit Director
SUBJECT: Fiscal Year 2016 – Second Quarter Cash Counts
DATE: May 4, 2016

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, 2015, through December 31, 2015. This consisted of reviewing the current reconciliations on the date of the verification only. In conjunction with this review, we reviewed prior-year findings to determine if the issues were addressed. We forwarded a memorandum 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. We then verified that the petty cash funds agreed with the corresponding Board of County Commissioner (BCC) approved imprest amounts. In conjunction with these cash verifications, prior-year findings were reviewed to determine if these findings were addressed. The results of our confirmations and verifications are also listed below.

IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</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

DA Family Support

DA Family Support (DAFS) only used this imprest account twice in the last 4 ½ years. Although potential periodic transactions make it necessary to leave this account open, due to changes in DAFS operations, as well as the minimal number (and monetarily immaterial nature) of transactions processed through this imprest account, we recommend that DAFS reassess the purpose, need and amount of the imprest account, and consider reducing the imprest account amount.

CASH VERIFICATIONS

The following table lists BCC-approved petty cash and change fund amounts held at selected departments that we verified by positive confirmation:

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
Building (Dev. Services)	\$ 1,500.00	\$ 1,500.00	\$ 0.00
DA Civil	50.00	50.00	0.00
District Court	215,700.00	215,700.00	0.00
Election	200.00	200.00	0.00
Henderson Justice Court*	550.00	550.00	0.00
LV Constable	600.00	600.00	0.00
NLV Justice Court*	1,000.00	1,000.00	0.00
Public Works	350.00	350.00	0.00
Real Property Mgmt.	1,000.00	1,176.75	176.75
Social Services*	100.00	100.00	0.00

*NOTE: We judgmentally selected these accounts and verified the amounts via observation of hard count.

Other than the departments discussed below, we determined that each petty cash/change fund agreed to its respective BCC approved amount.

District Court

The Drug Court indicated that an additional \$150 on the cash confirmation was returned to the County; we recommend that District Court submit a BCC resolution to formally dissolve the Drug Court Fund.

Real Property Management

We reviewed the Real Property Management Department's change fund (parking meter) confirmation received on December 10, 2015. The confirmation showed a variance of \$176.75 when compared to the \$1,000 BCC approved amount, although it was determined that the amount reflected a full year of overages rather than the overage as of the date of the confirmation. We recommend Real Property Management credit any overages to the Cash Over/Short account on a monthly basis in accordance with Fiscal Directive No.16.

cc: Nellie Symons
Anna Danchik

MEMORANDUM

Angela Darragh, CPA, CFE, CISA
Audit Director

AUDIT DEPARTMENT

TO: Jessica Colvin, Clark County Comptroller
FROM: Angela Darragh, Audit Director
SUBJECT: Fiscal Year 2016 – First Quarter Cash Counts
DATE: March 16, 2016

In accordance with our annual audit plan, we reviewed the imprest account reconciliations for the first quarter schedule of cash counts covering the period July 1, 2015, through September 30, 2015. We reviewed the current reconciliations on the date of the verification only. In conjunction with this review, we determined whether corrective actions associated with prior-year findings were implemented. We sent a memorandum to each department head to communicate the results of the imprest verifications. The summary results of the first quarter imprest account verifications, with balances shown as of the respective verification dates, are included 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. We then verified that these petty cash funds 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>Audit Review Total</u>	<u>Over (Short)</u>
Family Services:			
Placement Prevention	\$ 20,000	\$ 20,000	\$ 0.00
TANF	10,000	10,000	0.00
Chafee	10,000	10,000	0.00
MGM	10,000	9,086.47	(913.53)
Juvenile Justice	2,885	2,885	0.00
Public Administrator	1,000	1,000	0.00
Public Guardian	1,000	1,000	0.00

Other than the issues discussed below, we determined that Family Services, Juvenile Justice, Public Administrator, and Public Guardian imprest balances as of October 31, 2015 agreed to the BCC approved imprest amounts. We also reviewed six months of reconciliations and verified that each imprest account is reconciled on a monthly basis, as required by Fiscal Directive No. 16.

Family Services - MGM Fund

For the MGM imprest fund, we noted that the imprest account does not balance with BCC approved cash in custody amounts. Currently, the account is short by \$913.53, which is the result of the end of the 10 year donation period from MGM. DFS is in the process of performing a final reconciliation for this imprest account. Once the final reconciliation is completed, we recommend that DFS work with the

Budget Division to prepare an agenda item and resolution to dissolve the imprest account as required by Fiscal Directive No. 16, Section D, Paragraph 1.

Juvenile Justice

As noted in last year’s audit, we again found that there were two individual expenditures from the imprest account that exceeded the \$100 maximum single expenditure threshold; one was for Aliante Theater for \$150, and the other for Red Rock Buffet for \$241.96. According to the Board of County Commissioners resolution which established the Donation Trust Fund for the Department of Juvenile Justice Services (DJJS), “The maximum dollar amount of any single expenditure from the account will be \$100, and no provisions will be made for any single expenditure in excess of this amount.” In accordance with Fiscal Directive No.16, section III B. Establishment or Modification of Funds, we again recommend that the Department of Juvenile Justice Services submit an amended resolution to increase the maximum amount of a single expenditure to accommodate their needs.

Public Administrator

During our testing, we identified two payments made out of the imprest account for estates (one for biohazard cleaning in 2013 and another for locksmith services in 2014) that continued to be carried forward in the account in 2015. According to the Public Administrator’s office, no estate assets are available to reimburse the imprest account. There was an additional amount of \$33 due from another estate from October 2015, for which the account custodian did not provide support. Fiscal Directive No. 16, III. C. Operation of Funds, indicates that “Proper evidence of expenditures made from the account must support reimbursement.”

Because of these outstanding reconciling items, the Public Administrator (PA) department is not in compliance with Fiscal Directive No. 16 for the imprest account. We recommend that the PA reimburse the imprest account from the operating account for these two items and develop a procedure to periodically review the account and resolve outstanding items belonging to estates with no assets.

Also, we recommend that the PA provide proper evidence of expenditures made in a timely manner.

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	2,645	** (355.00)
Business License	3,500	3,500	0.00
Clerk	8,500	8,500	0.00
Comprehensive Planning	250	250	0.00
Detention Center	100	100	0.00
Family Services Fund 101 (TANF)*	2,500	2,500	0.00
Family Services Fund 237 (Placement Prevention)*	600	600	0.00
Juvenile Justice Services*	360	361	1.00
Juvenile Justice Services*	500	500	0.00

N. Las Vegas Constable	200	200	0.00
Public Administrator*	200	204.28	4.28

Other than the departments discussed below, we determined that each petty cash/change fund agreed to the respective BCC approved amount.

Juvenile Justice

We found the change fund of \$360.00 to be \$1 over the BCC approved amount. We recommend the account custodian credit this overage to the Cash Over/Short account and remit it to the Clark County Treasurer to comply with Fiscal Directive No.16.

Public Administrator

We determined that the petty cash balance when counted on December 4, 2015 was \$4.28 over the Board approved amount of \$200. We identified the same overage during last year’s cash count. The petty cash fund should be reconciled to the Board-approved amount in accordance with Fiscal Directive No.16., with any overages/shortages addressed on the monthly reimbursement request. We recommend that the petty cash fund be reconciled monthly to the Board-approved amount, and any overages/shortages be addressed in a timely manner, in accordance with Fiscal Directive No.16.

*NOTE: We judgmentally selected these accounts and verified the amounts via observation of hard count.

**This does not reflect a true shortage as the Assessor closed a cash drawer and remitted related funds. However the Assessor is leaving the Board authorized amount at \$3,000 for future use.

ADDITIONAL ITEM(S) NOTED FOR CASH FUNDS

Family Services – TANF Fund

In our review, we found that Family Services is not using a large portion of the TANF petty cash fund of \$2,500. According to department staff, the balance could be decreased to \$600 and continue to be sufficient for the purpose of the TANF fund. Fiscal Directive No. 16 Section B, Establishment or Modification of Funds, Paragraph 1, states “All funds must be established by a resolution of the Board of County Commissioners pursuant to NRS 354.609. The Board of County Commissioners must approve any modifications to an existing resolution (i.e., department responsibility, increase/decrease in fund amount, fund purpose or maximum amount of single expenditure).” We recommend that the department follow up with the Budget Department to have an agenda item and resolution drafted to modify the fund, in accordance with Fiscal Directive No.16.

cc: Nellie Symons
Anna Danchik