



# Audit Department

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



September 16, 2011

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 2011 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 (Comptroller) and respective departments. Enclosed are copies of the fiscal year 2011 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 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  
Acting Audit Director

# MEMORANDUM

Jeremiah P. Carroll II, CPA  
Director

## AUDIT DEPARTMENT

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**TO:** Ed Finger, Comptroller  
**FROM:** Jeremiah P. Carroll II, Director   
**SUBJECT:** Fiscal Year 2011 – First Quarter Cash Counts  
**DATE:** November 15, 2010

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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, 2010, through September 30, 2010. 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 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. The results of confirmations 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	1,500.00	1,500.00	0.00
NLV Justice Court	500.00	390.12	(109.88)
Parks & Recreation	1,000.00	120.68	(879.32)

#### *NLV Justice Court*

We determined that the imprest funds in the custody of the NLV Justice Court as of August 2, 2010 showed a shortage of \$109.88 from the BCC-approved imprest amount of \$500.

The shortage was due to the time elapsed between when the July account charges were incurred (7/1/10 & 7/2/10), when the bank statement was received (after 7/31/10), and when the reimbursement invoice was processed (8/13/10). Prior to processing the reimbursement, August bank charges were also incurred (\$311.40 on 8/2/10). This resulted in a \$109.88 shortage in the imprest amount on 8/2/10.

A review of bank charges back to 2005 shows that prior to calendar 2010, the \$500 imprest amount was sufficient to cover 2 concurrent months of bank charges. Concurrent month account charges in 2010 appear to exceed \$500.

The account custodian stated that newly available online banking tools may allow staff to check for account charges at the beginning of the month, rather than wait for a statement, and therefore to process reimbursements timely.

We recommend the account custodian coordinate with the Comptroller's Office to determine whether any procedural changes or changes in the imprest amount in custody are necessary.

*Parks & Recreation*

We determined that the imprest account in the custody of Parks & Recreation showed a shortage of \$879.32 from the BCC-approved imprest amount of \$1,000 at July 31, 2010.

The shortage was a result of two factors. First, monthly imprest reconciliations were not occurring since January of 2010. According to staff, this was because of staffing changes in the department. Second, monthly imprest account fee invoices were being processed, however, reimbursement checks were being deposited into the wrong bank account.

Once the errors and procedural oversights were discovered, Parks & Recreation staff worked with the Treasurer's Office to make the appropriate adjustments. In addition, staff has since been assigned monthly imprest reconciliation duties. As of the date of the imprest verification (November 4, 2010), the necessary steps had been taken to make the imprest account whole.

We recommend Parks & Recreation staff continue monthly imprest reconciliations in accordance with Fiscal Directive 16, and assure reconciliation procedures are properly communicated if further staffing changes occur.

**CASH CONFIRMATIONS**

The following table lists BCC-approved petty cash and change fund amounts held at selected departments as confirmed by the department:

<u>Fund Custodian</u>	<u>BCC-Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
Air Quality	\$ 1,000.00	\$ 1,000.00	\$ 0.00
Aviation	21,950.00	21,950.00	0.00
Assessor	3,000.00	3,000.00	0.00
Business License	3,500.00	3,500.00	0.00

Clerk	20,000.00	20,000.00	0.00
Comp Planning	250.00	250.00	0.00
Detention	350.00	350.00	0.00

cc: Mark Gamett

# MEMORANDUM

Jeremiah P. Carroll II, CPA  
Director

## AUDIT DEPARTMENT

**TO:** George Stevens, CFO  
**FROM:** Jeremiah P. Carroll II, Director   
**SUBJECT:** Fiscal Year 2011 – Second Quarter Cash Counts  
**DATE:** March 15, 2011

In accordance with our annual audit plan, we have reviewed the imprest account reconciliations for the second quarter schedule of cash counts covering the period October 1, 2010, through December 31, 2010. 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. The results of confirmations 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	\$ 20,000.00	\$ 20,000.00	\$ 0.00
Chafee	10,000.00	10,000.00	0.00
MGM	10,000.00	10,000.00	0.00
TANF	10,000.00	10,000.00	0.00
Juvenile Justice	2,885.00	2,885.00	0.00

#### *Juvenile Justice*

We determined that the Juvenile Justice donation trust imprest balance at October 31, 2010, reconciled to the BCC approved imprest amount of \$2,885. However, as a result of reimbursement procedures outlined below, a balance of over \$30,000 is due to the general fund from the Juvenile Justice donation trust fund.

The BCC established the donation trust fund to receive donations from concerned citizens wishing to enhance the level of care provided to children housed at DJJS facilities and to

segregate the donated resources from the operating resources of the General fund. In order to execute this purpose the donation trust fund was established as a distinct fund in the accounting system and an imprest account was established.

Under current procedures the general fund reimburses the imprest account, but the general fund is not subsequently reimbursed from the donation trust fund. As a result, a balance of over \$30,000 has accumulated in the donation trust fund. We recommend DJJS coordinate with Finance to assure the general fund is reimbursed. In addition, since a stated BCC intent is to segregate donation resources from General fund resources, we recommend that DJJS coordinate with Finance to establish accounting procedures that reimburse the imprest account directly from the donation trust fund.

### CASH CONFIRMATIONS

The following table lists BCC-approved petty cash and change fund amounts held at selected departments as confirmed by the department:

<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
District Attorney	50.00	50.00	0.00
District Court	157,000.00	156,900.00	(100.00)
Election Department	200.00	200.00	0.00
Las Vegas Constable	600.00	600.00	0.00
N. Las Vegas Constable	200.00	200.00	0.00

#### *District Court*

As of February 17, 2011, the Family Court Adjudication change fund exhibited a \$100 shortage from a \$200 BCC-approved balance. In August 2010, the BCC approved a \$100 increase to the then existing \$100 Family Court Adjudication change fund. In September the Office of the Comptroller disbursed a check for \$100 to accommodate the increase. The check was erroneously deposited as court revenue in the Justice Court-Traffic section. Fiscal Services staff provided documentation that a reimbursement check was issued by the Justice Court on February 23, 2011.

We recommend Fiscal Services staff complete the necessary steps to bring the Family Court Adjudication change fund to the BCC-approved \$200 balance.

cc: Mark Gamett

# MEMORANDUM

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

## AUDIT DEPARTMENT

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**TO:** Jessica Colvin, Clark County Comptroller  
**FROM:** Angela M. Darragh, Acting Director *AMD*  
**SUBJECT:** Fiscal Year 2011 - Third Quarter Cash Counts  
**DATE:** June 13, 2011

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We have reviewed the imprest account reconciliations for the third quarter schedule of cash counts covering the period January 1, 2011, through March 28, 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 verification. The summary results of the third quarter imprest account verifications -balances shown as of the date of the verification- 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. The results of confirmation procedures are listed below.

### IMPREST ACCOUNT VERIFICATIONS

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Reconciliation Total</u>	<u>Over (Short)</u>
Social Services	\$ 500,000.00	\$ 500,000.00	\$ 0.00
Animal Control	500.00	500.00	0.00

Continued

**CASH CONFIRMATIONS**

<u>Fund Custodian</u>	<u>BCC Approved Amount</u>	<u>Confirmation Total</u>	<u>Over (Short)</u>
LVMPD			
Imprest	\$ 225,000.00	\$ 225,014.12	\$ 14.12
Insurance	10,000.00	10,010.99	10.99
Travel Bank	10,000.00	10,000.00	0.00
Change Fund	3,800.00	3,800.00	0.00
Petty Cash	450.00	450.00	0.00
Regional Flood Cont. Dist.	500.00	500.00	0.00
Recorder	9,950.00	9,950.00	0.00
LV Justice Court	10,000.00	10,000.00	0.00
Family Services	3,100.00	3,100.00	0.00
Juvenile Justice	860.00	860.00	0.00
Henderson Justice Court	550.00	550.00	0.00

*Las Vegas Metropolitan Police Department (LVMPD)*

According to LVMPD staff, the \$10.99 overage is interest earnings that had not been remitted to the County Treasurer. We did not follow-up on the \$14.12 overage as the amount was de minimus.

cc: Mark Gamett

# MEMORANDUM

Angela M. Darragh, CPA  
Acting Audit Director

## AUDIT DEPARTMENT

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**TO:** Jessica Colvin, Clark County Comptroller  
**FROM:** Paul McPhee, Principal Auditor *PRM*  
**SUBJECT:** Fiscal Year 2011 – Fourth Quarter Cash Counts  
**DATE:** August 15, 2011

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We have completed imprest verifications at selected departments for our fourth quarter schedule of cash counts covering the period April 1, 2011, through June 30, 2011. We reviewed the department's current reconciliation for the date of the verification, and also reviewed prior-year findings to determine if those findings were addressed. Summary results of our fourth quarter imprest account verifications -balances shown as of the verification date- are shown below. We also communicated the results of our verifications to each department head via memorandum.

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. The results of confirmations 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>
LV Justice Court	\$ 400,000.00	\$ 401,530.00	\$ 1,530.00
Outlying Courts	3,440.00	3,440.00	0.00
Public Administrator	1,000.00	1,000.00	0.00
Public Guardian	1,000.00	1,000.00	0.00

#### *Las Vegas Justice Court*

We determined that the imprest balance as of June 1, 2011, showed an overage of \$1,530 above the BCC approved imprest amount of \$400,000 (0.38% of the imprest amount). We recommend the account custodian account for this overage on the next reimbursement request.

Imprest account reconciliations were not prepared during the first three months of calendar year 2011, but were prepared beginning in April 2011. While reconciliations were not prepared monthly as required by Fiscal Directive No. 16, we noted that activity for this imprest account experienced frequent and sizable reimbursements. As Table 1 shows, during a recent three

month period the imprest account was reimbursed several times a month for a total reimbursement much greater than the imprest amount.

**Table 1: LV Justice Court Imprest Reimbursement Summary**

	Total Requested Reimbursements	Number of Reimbursement Requests
April 2011	\$ 527,810	3
May 2011	717,318	4
June 2011	748,890	4

Reimbursements were requested multiple times during the month based on daily book activity tracked by office staff. However, book activity was not reconciled to bank activity or the BCC approved imprest amount when reimbursements were requested. Therefore, the reconciliation was not complete when a reimbursement was requested.

Because this imprest account requires frequent and sizable reimbursements, we recommend the account custodian prepare reconciliations and request imprest reimbursements on a weekly basis. Weekly reconciliations should include book-to-bank activity and the BCC approved imprest amount.

**PETTY CASH & CHANGE FUND CONFIRMATIONS**

The following table lists BCC-approved petty cash and change fund amounts held at selected departments as confirmed by the 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
Outlying Justice Courts	900.00	900.00	0.00
Parks & Recreation	2,500.00	2,500.00	0.00
Shooting Range	4,500.00	4,500.00	0.00
Public Administrator	200.00	200.00	0.00
Public Works	350.00	350.00	0.00
Social Services	100.00	100.00	0.00
Treasurer	20,100.00	20,100.00	0.00

cc: Mark Gamett