

Audit Committee

CLARK COUNTY, NEVADA

Michael Naft
Chair
William McCurdy II
Ross Miller

CALL TO ORDER

The public meeting of the Clark County Audit Committee was called to order by Commissioner Naft Wednesday, January 26, 2022 at 9:30am in the Pueblo Room, Clark County Government Center, 500 South Grand Central Parkway, 1st floor, Las Vegas, Nevada. This public meeting was properly noticed and posted.

COMMISSIONERS PRESENT:

Michael Naft
William McCurdy II
Ross Miller

ALSO PRESENT:

Angela Darragh, Audit Director
Randy Tarr, Deputy County Manager
Jessica Colvin, Chief Financial Officer
Les Lee Shell, Deputy County Manager
Jeff Wells, Deputy County Manager
Jeff Rogan, District Attorney
Courtney Hill, IT Manager, Recorder's Office
Debbie Conway, Recorder
Tim Burch, Human Services Administrator
Margaret LeBlanc, Assistant Director, Family Services
Eric Greene, Fiscal Services Administrator, Family Services

PARTICIPANTS VIA MICROSOFT TEAMS (VIRTUAL):

Cynthia Birney, Manager, Audit/HIPAA
Felix Luna, Principal Auditor

1. **Approval of Minutes**

It was moved by Commissioner Naft and carried unanimously that the minutes of July 28, 2021 meeting be approved.

2. **Approval of Agenda**

It was moved by Commissioner Naft and carried unanimously that the January 26, 2022 agenda be approved.

3. **Receive and discuss the 4th quarter CY 2021 audit reports**

Recorder Document Application Follow Up

The original audit identified eight findings related to password standards, access to the application, disaster recovery plans, mining document recording fees, auditor logs, patch management, user permissions and the automatic record indexing function

The Recorder implemented the following corrective action to address the eight findings:

- Implementation of a period user review process.
- Stronger password controls within the recordation application.
- Establishment and testing of a disaster recovery and business contingency plan.
- Verifying and updating the fees charged for certain mining documents.
- Implementing a patch management process.
- Starting the process to update the automatic document indexing function.

Management response was not requested as all findings were resolved.

Debbie Conway reported that the Recorder's office continues to work with the contractor to fine tune the new application. The 'no travel policy' posed some challenges but communication with the contracted was good and the issues were resolved and the system is working well.

The report was accepted by the Audit Committee.

FY 2021 Imprest and Petty Cash Review

Clark County has approximately \$1.6 million in custody of other officials for petty cash, imprest account and change accounts as of June 31, 2021. This audit was conducted to:

- Verify that imprest account balances agree to the Board approved amounts and that these accounts are reconciled monthly in accordance with Fiscal Directive 16.
- Verify that petty cash and change fund balances agree with the Board approved amounts and that change funds are reconciled monthly and petty accounts are reconciled monthly in accordance with Fiscal Directive 16.
- Review departmental written policies for adherence to Fiscal Directive 16 requirements and Board resolution requirements.

The findings are as follows:

- The Las Vegas Justice Court continue efforts to identify amounts needed to reconcile their imprest account and they had one reimbursement request that was untimely. In last year's audit, we identified a series of events that led to the courts' imprest account being off balance including \$300,000 that should have been remitted back to County Finance. Since that time, the Court has improved their bank reconciliation process but have not yet remitted that amount back to the County. We believe they are making progress to get the account balanced and reconciled on a regular basis and that this will be completed soon. (Medium)

Jessica Colvin, Chief Financial Officer reported that the Comptroller's office is working with the Justice Court to calculate the unreconciled balance with the assistance of a third-party accounting firm. The unreconciled balance will be remitted back to the County before the end of the fiscal year. The courts is also in the process of implementing a financial module to mitigate these issues.

- District Court monthly cash count missed reconciliation twice in fiscal year 2021 potentially due to staff turnover. (Low)
- Public Administrator's petty cash fund policies were not documented. (Low)

Jeff Wells, Deputy County Manager reported that the Public Administrator's Office agreed with the findings and will implement corrective action.

The report was accepted by the Audit Committee.

Family Services Purchasing and Gift Card Controls

Family Services has a purchasing card used to make online purchases for the Child Haven Campus and to purchase merchant specific reloadable gift cards for in-person purchases. There were 3,740 transactions on the Department's purchase card between July 1, 2019, and June 30, 2020, totaling \$600,051.

The audit was conducted to determine:

- If there are appropriate internal controls over the department's purchase card and gift card program and whether the controls are working as intended.
- Purchases were approved, business appropriate, properly supported, and for the benefit of children in care.
- Adequacy of segregation of duties and physical security over the cards.

There were six findings - one high risk, two medium risk and three low risks.

Tim Burch reported that Family Services agreed with the findings and is in the process of implementing corrective action. Anticipated completion timeframes are as follows:

- Reconsider the number of purchase cards needed. (High) 6-12 months.
 - *A request was submitted for three cards which is pending approval by the Clark County Executive Management.*
- Split online orders created administrative burden and weakened monthly statement review process. (Medium) 6 – 12 months.
 - *DFS is working with Purchasing to improve purchasing process especially for reoccurring orders.*
 - *The corrective action was implemented to address invoice documentation for Target charges.*
- Segregation of duties and compensating controls for online purchases should be revisited. (Medium). *Corrective action completed.*
 - *The online purchasing workflow was reassessed and pre-approval from the Office Services Manager has been added.*
- Large volume of single use gift cards may be excessive. (Low) 3 months.

- *DFS Fiscal will implement written policies and procedures for future single use gift card purchases.*
- *Independent living requests will continue to be monitored. (Note: Funding tied to the aging out youths is restricted funding).*

- *Child Haven campus inventory controls can be enhanced. (Low) 6-12 months.*
 - *Formal written policies and procedures for managing inventory to be documented.*
 - *Develop formal purchase request form for Child Haven inventory.*
 - *Goods receipt documentation in accordance with record retention guidelines.*
 - *Improve inventory management and explore the possibility of installing a camera for security monitoring to help prevent misappropriation.*

- *Set P-card single purchase limit. (Low) 3 months.*
 - *DFS will work with Clark County Executive Management to establish an appropriate purchase limit for each P-Card.*

Jessica Colvin, Chief Financial Officer will work with the Audit department to identify a purchase limit. ERP will also look at additional functionality to improve controls and automate many of the manual functions and provide additional oversight.

A follow up audit will be done after one year to review corrective actions.

The report was accepted by the Audit Committee.

There were no comments from the general public.

There being no further business, the meeting was adjourned at 10:15 am.