

AUDIT REPORT

Clark County
Imprest and Petty Cash Funds
Fiscal Year 2022 Audit
January 25, 2023



CLARK COUNTY *Nevada*

Audit Department

Angela M. Darragh, CPA, CISA, CFE
Audit Director
countyauditor@clarkcountynv.gov

Audit Executive Summary

Imprest and Petty Cash Funds Fiscal Year 2022 Audit

January 25, 2023

Background | Nevada Revised Statute 354 provides for the Board of County Commissioners to establish petty cash accounts, imprest accounts, and revolving accounts to assist in the administration of government activities.

While the majority of County cash and investments are in custody of the County Treasurer, these accounts are in the custody of other officials and fully managed at the department level.

Petty cash accounts are funds of a fixed amount used to make small, authorized cash payments at the department level.

Imprest accounts are identical to petty cash funds except they consist of a bank account rather than a cash fund.

Revolving accounts are typically cash funds kept at the department level for the purpose of making change where cash is collected.

Clark County has approximately \$1.6M in custody of other officials for petty cash, imprest accounts and change accounts as of June 30, 2022.

Proper accounting, recording and operation of these accounts are essential for a healthy, functioning organization.

Further, it ensures the County maintains adherence with fiscal mandates, Nevada Revised Statutes and the requirements of the resolutions of the Board of County Commissioners.

Purpose of Audit | We conducted this engagement in accordance with our annual audit plan. The objectives of this audit were to:

- Verify that imprest account balances agree to the Board approved amounts and are reconciled monthly in accordance with Fiscal Directive 16.
- Verify that petty cash and change fund balances agree with Board approved amounts. Also, that these accounts are reconciled monthly, or daily, as required.
- Departmental written policies adhere to Fiscal Directive 16 requirements and Board resolution requirements.

Summary and Key Findings | Overall, the balances of the various imprest checking accounts, petty cash accounts and revolving change bank held by County departments agree with the Board approved resolution amounts.

We found that most departments are properly reconciling their accounts. We also found that most accounts are being replenished in a timely manner.

We did identify some low-risk findings, as follows:

- The Public Administrator's \$500 petty cash fund had untimely replenishment requests and reconciliations (Page 4);
- The Club at Sunrise Golf Course needed to amend their change bank resolution (Page 5); and
- The Department of Juvenile Justice's \$500 petty cash fund had untimely replenishment requests and reconciliations (Page 5).

See audit report for full details.

Recommendations | The audit report includes seven recommendations to improve compliance with Fiscal Directive 16.

Management agrees with the recommendations and action is scheduled to be taken.

For more information about this or other audit reports go to clarkcountynv.gov/audit or call (702) 455-3269.

Audit Team

Angela Darragh, Director
Cynthia Birney, Audit Manager
Felix Luna, Principal Auditor
Scott Routsong, Internal Auditor
Apryl Kelly, Internal Auditor

Audit Committee

Commissioner Michael Naft
Commissioner William McCurdy II
Commissioner Ross Miller

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The Audit Department is an independent department of Clark County reporting directly to the County Manager. The Audit Department promotes economical, efficient, and effective operations and combats fraud, waste, and abuse by providing management with independent and objective evaluations of operations. The Department also helps keep the public informed about the quality of Clark County Management through audit reports.

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PO Box 551120
Las Vegas, NV 89155-1120
(702) 455-3269

CountyAuditor@ClarkCountyNV.gov

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Background

Nevada Revised Statute 354.609 provides for the Board of County Commissioners to establish petty cash accounts, imprest accounts, and revolving accounts to assist in the administration of any activities a local government is authorized to engage in. Clark County has numerous departments with these types of accounts. While most County cash and investments are in custody of the County Treasurer, these accounts are in the custody of other officials and fully managed at the department level.

Petty cash accounts are funds of a fixed amount used to make small, authorized cash payments at the department level. Petty cash accounts are typically used to purchase items or services on an urgent and infrequent basis when it is not feasible or practical to submit a purchase order, submit a request for payment, or use a procurement card. The cash payments out of the account are reimbursed through periodic claims submitted to the Clark County Comptroller.

Imprest accounts are identical to petty cash funds except they consist of a bank account rather than a cash fund. Imprest accounts are typically used for handling minor disbursements, where a fixed amount of money is set aside for this purpose. Disbursements from imprest checking accounts are supported by original invoices, just as any other County claim. At certain intervals, or when the imprest account is completely expended, the account is replenished through a departmental request submitted to the Clark County Comptroller.

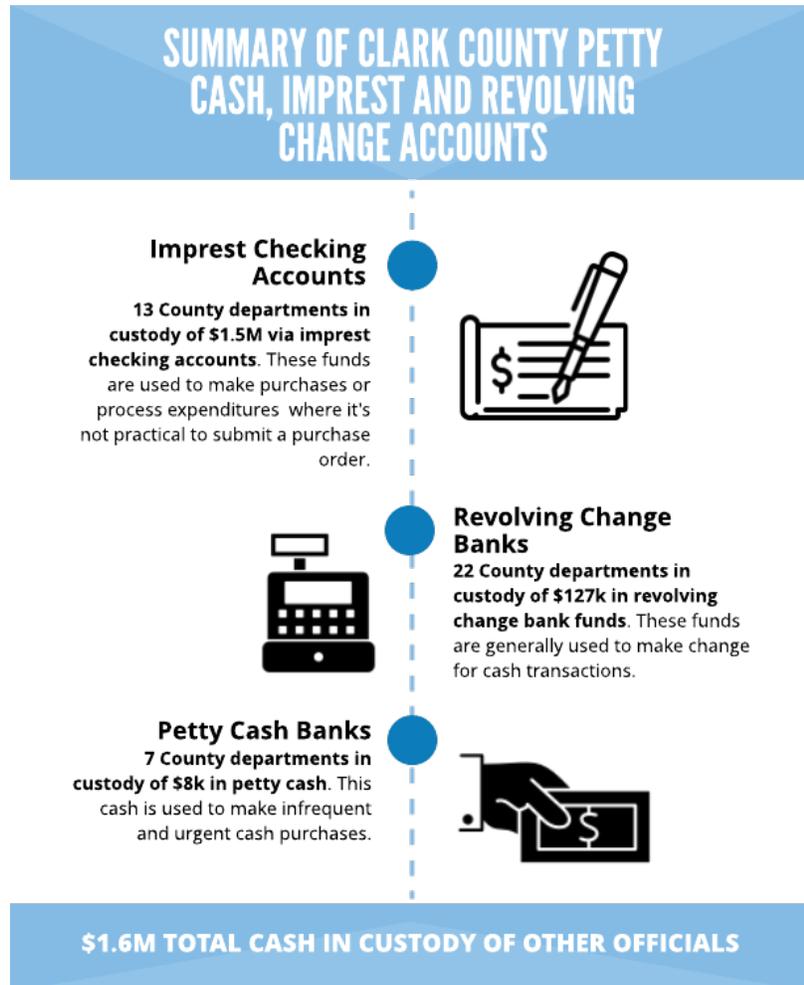
Revolving accounts are typically cash funds kept at the department level for the purpose of making change where cash is collected.

All petty cash accounts, imprest accounts, and revolving accounts are established by a resolution of the Board of County Commissioners. The Board also approves modifications to existing account resolutions (*e.g., department responsibility, changes to account balances, account purpose, or maximum single expenditure*) and the dissolution of these accounts.

These accounts are all managed at the department level and assist departments with performing their core functions.

Clark County has approximately \$1.6M in custody of other officials for petty cash, imprest accounts and change accounts as of June 30, 2022. These funds are held between various departments as summarized in Exhibit 1.

Exhibit 1: Several Departments in Custody of \$1.6M via Petty Cash, Imprest and Revolving Change Accounts



Source: Auditor prepared

Clark County Fiscal Directive 16 outlines the operational policies for petty cash, imprest, and revolving accounts. The Directive outlines:

- Reimbursement procedures,
- Documentation requirements,
- A general written procedures requirement,
- Reconciliation requirements, and
- Requirements to have policies regarding account variances.

Some accounts have additional requirements outlined in the Board resolutions that established the accounts.

Table 1 illustrates the account balances, as of June 30, 2022, for each department that maintains an account.

**Table 1: Imprest, Petty Cash and Revolving Bank
Balance -By Department FY22**

Department Name	Petty Cash	Imprest Account	Change Bank	Total
Assessor's Office	\$ -	\$ -	\$ 2,897	\$ 2,897
Business License	1,500	-	2,000	3,500
Clerk's Office	-	-	8,500	8,500
Comprehensive Planning	-	-	150	150
Building & Fire Prevention	-	-	2,000	2,000
District Attorney's Office - Administration	-	3,000	-	3,000
District Attorney's Office - Family support	-	1,000	-	1,000
District Attorney's Office - Victim Witness ⁽¹⁾	-	-	-	-
District Court	-	500	5,200	5,700
District Court - Jury Services	-	205,000	50,000	255,000
Juvenile Justice Services	500	3,935	360	4,795
Election	-	-	200	200
Family Services	-	40,000	-	40,000
Fire Department	5,000	-	-	5,000
Henderson Constable	-	-	400	400
Henderson Justice Court	-	3,000	850	3,850
Las Vegas Constable	-	-	600	600
Las Vegas Justice Court	-	500,000	10,000	510,000
Las Vegas Metropolitan Police ⁽²⁾	250	235,000	5,350	240,600
North Las Vegas Constable	-	-	200	200
North Las Vegas Justice Court	-	1,400	1,000	2,400
Outlying Justice Courts ⁽³⁾	-	17,150	900	18,050
Parks & Recreation	-	-	11,500	11,500
Public Administrator	500	1,000	-	1,500
Public Guardian	-	1,000	-	1,000
Public Works	-	-	350	350
Recorder	150	-	4,000	4,150
Regional Flood Control ⁽⁴⁾	500	-	-	500
Social Services	-	500,000	100	500,100
Treasurer	-	-	20,100	20,100
Total				\$1,647,043

Source: Auditor Prepared Based on Work Performed in FY22

⁽¹⁾ This revolving account is self-funded and self-sustained. Initial and continuing funding come from donations and receipts to the account. Balance not included in our schedule but is part of our annual audit.

⁽²⁾ LVMPD performs quarterly audits for all their cash in custody and the information is provided and reviewed by Metro personnel.

⁽³⁾ Imprest and revolving accounts are distributed among eight outlying Justice Courts.

⁽⁴⁾ The Regional Flood Control District is an independent local governmental agency that contracts with Clark County for various legal and administrative services provided by departments such as the Comptroller, District Attorney, General Services, Human Resources, Information Systems and Treasurer.

Proper accounting, recording and operation of these accounts are essential for a healthy, functioning organization. Further, it ensures the County maintains adherence with fiscal mandates, Nevada Revised Statutes and the requirements of the resolutions of the Board of County Commissioners.

Conclusions

Overall, the balances of the various imprest, petty cash, and revolving change bank funds held by County departments agree with Board approved resolution amounts.

We found that most departments are properly reconciling their funds in accordance with Fiscal Directive 16. We also found that most funds are being replenished in a timely manner. However, we did note the following:

- Parks and Recreation's Sunrise Golf Course is using \$1,100 of their \$2,500 change bank as a petty cash fund;
- The Public Administrator's Office petty cash reconciliations and replenishment requests were not always timely; and
- Juvenile Justice Services' petty cash reconciliations could improve.

Each finding includes a ranking of risk based on the risk assessment that takes into consideration the circumstances of the current condition including compensating controls and the potential impact on reputation and customer confidence, safety and health, finances, productivity, and the possibility of fines or legal penalties.

Auditee responses were not audited, and the auditor expresses no opinion on those responses.

Findings, Recommendation, and Responses

Finding 1 - Some of The Public Administrator's Office Petty Fund Reconciliations and Replenishments Were Not Timely. (Low Risk)

The Public Administrator maintains a \$500 petty cash fund for emergency expenditures related to establishing ownership and securing property.

We found the Office did not reconcile the fund for March, May, or June of 2022. We also found the Office did not submit a reimbursement request for an item purchased December 20, 2021, until March 10, 2022, 80 days following the purchase.

Fiscal Directive 16 requires that petty cash funds be reconciled at least monthly and that reconciling items be carried no longer than 30 days.

We rated this a low risk finding as it does not result in a material impact to the County.

Recommendation

1.1 Reconcile the petty cash fund to the Board approved amount at least monthly and remind staff to submit petty cash reimbursement requests no later than 30 days following the date of the expenditure.

Management Response

1.1 The Office took corrective action to remedy this finding. They met on November 17, 2022, to discuss the implementation of audit recommendations. Staff were reminded to submit petty cash replenishment requests in a timely manner. The Office's policies and procedures require the petty cash account to be reconciled monthly and state the parties responsible for the task.

Finding 2 - Portion of Change Bank at Sunrise Golf Course Was Used as Petty Cash (Low Risk)

Sunrise Golf Course was assigned a \$2,500 revolving change bank to provide change to golf course patrons. The third-party golf course management company used \$1,100 of the \$2,500 change bank for unanticipated small purchases - for the golf course.

The Board resolution approved on January 16, 2018, states the purpose of the fund is to provide change for clients of the golf course.

In addition, Fiscal Directive 16 requires that Department obtain approval for a fund's intended usage or purpose. This is documented on the resolution authorizing the fund.

Recommendation

2.1 We recommend the Department amend their resolution language and assess their cash needs at the golf course.

Management Response

2.1 The Department took corrective action to remedy this finding. The Department petitioned the Board to reduce their revolving change bank and establish a new petty cash fund. This was presented and approved by the Board of County Commissioners on January 3, 2023.

Finding 3 - Some Department of Juvenile Justice Petty Cash Replenishments Were Not Timely and Balance Is Off (Low Risk)

The Department of Juvenile Justice uses an electronic cash journal through the County's enterprise risk management system, SAP. The Department has several entries that are saved but not posted. This impacts staff's ability to reconcile cash on hand, as the system balance is not correct. Further, there is a cash overage of approximately \$20 that needs to be resolved.

We also found 4 petty cash purchases where replenishment requests) were not timely. The request was done between 132 to 211 days from the expenditure date. This was due to staff turnover.

County fiscal policy requires petty cash to be reconciled to the Board approved amount and overages to be reported.

We rated this finding a low risk as the petty cash fund is relatively small and there was staff turnover in this area.

Recommendation

- 3.1 Provide SAP Cash Receipting training to new staff entering petty cash transactions.
- 3.2 Review all saved but unposted cash journal entries beginning in October 2021 to determine if the entry needs to be posted or cancelled.
- 3.3 After reviewing all unposted cash journal entries, reconcile the petty cash on hand and finalize the total overage. Report this amount to the Comptroller's Office so that corresponding entries can be entered and/or subsequent replenishments can be offset.
- 3.4 Remind staff to request and record petty cash reimbursements no later than 30 days after expenditure date.
- 3.5 Include the Board approved amount of \$500 in the reconciliations template as an additional reconciling line.

Management Response

As of January 1, 2023, we are not posting or saving cash journal entries into SAP. Rather, we are adopting a petty cash balance log using Microsoft Excel to keep track of Petty Cash. To make sure we request reimbursement in a timely manner, we are going to conduct monthly petty cash audits the first Wednesday of each month.

- 3.1 We will have petty cash receipt training for all new staff, keeping in mind we will no longer use SAP to post petty cash journal entries.
- 3.2 This has been reviewed and is in balance.
- 3.3 This has been done.
- 3.4 We will remind staff to request and record petty cash reimbursements in a timely manner (30 days after expenditure date).
- 3.5 We will include the \$500 as an additional reconciliation line.

Appendix A: Audit Scope and Methodology

Scope

The objectives of this audit were to:

- Verify that confirmed 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 daily and petty cash funds are reconciled monthly in accordance with Fiscal Directive 16; and
- Review departmental written policies for adherence to Fiscal Directive 16 requirements and board resolution requirements.

Our procedures considered the period of July 1, 2021, through June 30, 2022. The last day of fieldwork was December 27, 2022.

Methodology

To accomplish our objectives, we performed the following:

- Reviewed the various Board resolutions establishing each imprest, petty cash and change fund to identify the amount of the fund and requirements for managing the funds;
- Affirmed the cash on hand for all departments by requesting that the department perform a cash count and/or provide a reconciled balance;
- Agreed the general ledger account balances to the Comptroller's Quarterly Schedule of Funds in Custody of Other Departments and department affirmed balances
- Judgmentally selected the following departments to performed in-person surprise counts of petty cash and change bank funds:
 - County Clerk's Office
 - Department of Comprehensive Planning
 - Election Department
 - Henderson Justice Court
 - Boulder Township Justice Court
 - Goodsprings Justice Court
 - Searchlight Justice Court
 - North Las Vegas Constable's Office

- Parks and Recreation Department
 - Clark Counting Shooting Complex
 - The Club at Sunrise Golf Course
 - Public Administrator's Office
 - Recorder's Office
 - Regional Flood Control District
 - Treasurer's Office
- For imprest funds, we reviewed randomly selected departmental prepared reconciliations and supporting schedules, to determine whether reconciliations are performed at least monthly and account balances agree with affirmed totals;
 - For imprest funds, we also reperformed a single month's reconciliation to verify the accuracy of the department's work and determine whether replenishment requests are timely;
 - For petty cash and change funds, we reviewed 3 randomly selected cash reconciliations to verify funds were reconciled to the affirmed totals; and
 - Reviewed each department's written policies for their imprest, petty cash, and/or revolving change funds to determine adherence with Fiscal Directive 16 and any resolution requirements.

While some samples selected were not statistically relevant, we believe they are sufficient to provide findings for the population as a whole.

Our work is performed throughout the fiscal year. For each completed departmental audit, we communicated the results of our procedures to the Clark County Comptroller and affected department heads.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal control are included in the detailed results.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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. Our department is independent per the GAGAS requirements for internal auditors.

Appendix B: DJJS Response to Audit Findings



Department of Juvenile Justice Services Director's Office

601 N Pecos Rd • Las Vegas NV 89101-2408
(702) 455-5210 • Fax (702) 455-5216

John M. Martin, Director

Michael Whelihan, Assistant Director • Eboni J. Washington, Assistant Director • Cheryl L. Wright, Assistant Director, LCSW

January 10, 2023

Mr. Routsong,

Regarding the Department of Juvenile Justice Services Cash Audit FY22 memorandum. Below is our response and overview of how we plan on improving our Petty Cash process.

Audit Key Findings

1. There are several saved but unposted cash journal entries that are impacting the balance. This creates challenges in reconciling petty cash on hand to the book balance.

As of January 1, 2023, we are not posting or saving cash journal entries into SAP. Rather, we are adapting a petty cash balance log using Microsoft Excel to keep track of Petty Cash, as suggested.

2. Small overage that needs to be reviewed and resolved.

This has been resolved.

3. Some petty cash expenditures where reimbursement was not requested in a timely manner ranging from 132 days to 211 days after expenditures.

To make sure we request reimbursement in a timely manner, we are going to conduct monthly petty cash internal audits the first Wednesday of each month.

Audit Recommendations

1. Provide SAP Cash receipting training to new staff entering petty cash transactions.

We will have Petty Cash receipt training for all new staff - keeping in mind we will no longer use SAP to post petty cash journal entries.

2. Review all saved but unposted cash journal entries beginning October 2021 to determine if the entry needs to be posted or cancelled.

This has been reviewed and is in balance.

3. After reviewing all unposted cash journal entries, reconcile the petty cash on hand and finalize the total overage. Report this amount to the comptroller's office so that corresponding entries can be entered and/or subsequent replenishments can be offset.

BOARD OF COUNTY COMMISSIONERS
JAMES B. GIBSON, Chair • JUSTIN C. JONES, Vice Chair
MARILYN KIRKPATRICK • WILLIAM MCCURDY II • ROSS MILLER • MICHAEL NAFT • TICK SEGERBLOM
YOLANDA T. KING, County Manager

This has been done.

4. Remind staff to request and record petty cash reimbursements in a timely manner (30 days after expenditure date).

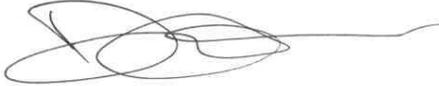
We will remind staff to request and record petty cash reimbursements in a timely manner (30 days after expenditure date).

5. Include the Board approved amount of \$500 in the reconciliation template as an additional reconciliation line.

We will include the \$500 as an additional reconciliation line.

Please let us know if there is anything else. Thank you and have a great day.

Best,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Danilo Chavarria, Ph.D.