

AUDIT REPORT

Laughlin Township Constable's Office
Revenue and Expenditures
Follow-Up Audit
July 27, 2022



CLARK COUNTY *Nevada*

Audit Department

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Audit Executive Summary

Revenue and Expenditures Follow-Up Audit

July 2022

Background | The Laughlin Township Constable's Office is one of eleven constable offices in Clark County.

Nevada Constables are empowered with serving civil processes such as summonses, complaints, small claims documents, notices of evictions, notices of hearings, writs of garnishments, writs of executions and subpoenas.

Constables are entitled to collect fees for the services they provide, pursuant to NRS 258.125. These fees range from \$2 to \$48. Constables are also entitled to a small commission percentage for collecting all sums on execution or writ.

Unlike some of the larger urban constable offices, the Laughlin Township Constable's Office is not operated as an enterprise fund. Instead, the office is provided with a small yearly budget to supplement the fees earned by the Office.

The Office recorded \$285,491 in service fees for the period of March 2021 to March 2022. Close to \$2.7M in pass through garnishment payments were also collected during this period.

Purpose of Audit | The purpose of this audit is to determine whether corrective action was implemented to resolve the findings in the original audit dated July 29, 2020.

Summary and Key Findings | In the original audit we found that:

- Internal accounting procedures could be improved;
- Labor and compensation agreements were not finalized;
- Complex civil case documentation needed to be retained;
- Deputy appointments were not filed; and
- Access to the case management application needed to be reviewed.

All of findings were fully resolved. The Laughlin Constable implemented the following corrective actions to resolve the audit findings:

- The Office is now using QuickBooks (*an accounting application*) to record daily deposits and perform bank reconciliations. All sampled bank reconciliations were properly performed.
- An independent cash journal was created that captures pertinent details.
- Staff was cross trained on key financial tasks and adequate segregation of duties is maintained.
- A comprehensive labor agreement was finalized and will soon be executed.
- Complex civil case inventory documentation was streamlined into one form. All sampled complex civil cases had inventory documentation available and asset seizures were performed by at least two deputies.
- All deputy appointments were filed with the County Recorder.
- CourtView user access is now being reviewed and current access is appropriate.

See audit report for full details.

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Clark County Audit Department

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Background

The Laughlin Township Constable's Office is one of eleven constable offices in Clark County. Nevada Constables are peace officers empowered with serving civil processes such as summonses, complaints, small claims documents, notices of evictions, notices of hearings, writs of garnishments, writs of executions and subpoenas. The Laughlin Constable's Office also provides enforcement in complex civil cases.

Constables are entitled to collect fees for the services they provide, pursuant to NRS 258.125. These fees range from \$2 to \$48. Constables are also entitled to a small commission for collecting all sums on execution or writ.

NRS 258.040 requires that the Board of County Commissioners establish the compensation for all Clark County Constables. On July 3, 2018, the Board set the annual compensation for the Laughlin Township Constable at \$1,750 plus the fees collected, effective January 7, 2019.

NRS 258.060 allows Constables to appoint deputies to perform services for the Constable. All deputy appointments are done in writing and filed, along with an oath of office, with the Clark County Recorder. As of May 2022, the Laughlin Township Constable's Office consists of the elected Constable, 2 clerical staff members and 10 deputies.

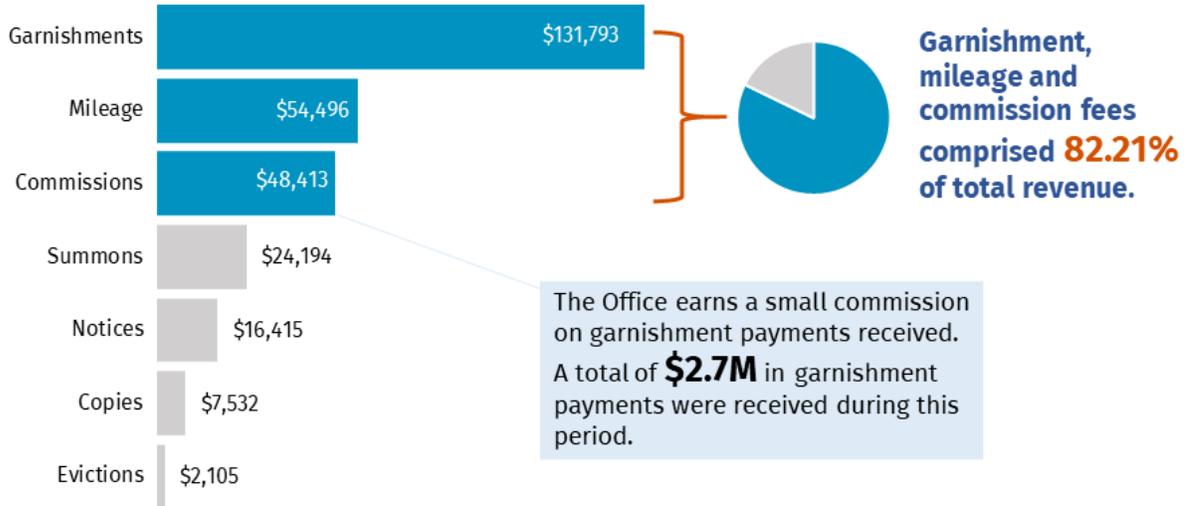
Unlike some of the larger urban constable offices, the Laughlin Township Constable's Office is not operated as an enterprise fund (*a separate accounting fund used to account for operations where the intent is to have expenses be recovered through charges to the customers.*). Instead, the office is provided with a small yearly budget from the Clark County General Fund (*the primary account used for traditional government services*) to supplement the fees earned by the Constable.

The County apportioned the Office with \$74,900 for its Fiscal Year 2022 budget. The funds were for the Constable's annual stipend, compensation for a small office staff, office supplies, operating supplies, communication services, and insurance. Actual expenditures for the year were \$44,710 as of June 21, 2022.

The service fees retained by the Constable are used to pay for the operational costs not covered by the County budget. These costs include deputy constable compensation, additional clerical staff compensation, additional office supplies, postage, fuel, uniforms and all other all costs necessary to perform the duties of the office. Residual fees are retained by the Constable as compensation.

The Office recorded \$285,491 in service fees between March 2021 and March 2022. Table 1 breaks down the total.

TABLE 1. Service Fee Revenue by Category. March 2021 - March 2022



Source: Auditor prepared using quarterly financial data filed with the County Clerk.

The Office recorded 6,633 new cases between March 2021 and March 2022. Most of the caseload pertains to garnishment cases.

Each new case filing requires a review of the service application, data entry into the case management system, mailing legal documents, payment processing, and deputy assignment. With garnishment cases, staff must also process periodic defendant/debtor payments which includes receipting, depositing and then remitting the payment to corresponding plaintiff/client.

Serving complex civil cases involves a variety of additional procedures including planning, coordinating staff and seizure of property, as prescribed by court order. All cases are monitored to ensure adherence to the various legal limitations.

The Constable uses CourtView Justice Solutions to assist with the case management needs of the Office. CourtView is an integrated judicial case management system used by various County departments. Financial management is augmented with Intuit QuickBooks, a standalone accounting program.

Original Audit Report Highlights

We performed a revenue and expenditures audit of the Laughlin Constable's Office and issue an audit report on July 29, 2020. In that audit report, we identified the following findings:

- Monthly bank account reconciliations (*for both accounts*) fell short of a proper reconciliation and work performed was not reviewed.
- There was no independent daily record of daily cash receipts outside of the bank's records.
- Staff was not cross-trained and critical financial tasks were being performed by a single staff member with little oversight.
- Labor agreements for deputy staff were not in place.
- Seized property documentation was not available on two sampled complex civil cases and one complex civil case indicated that only one deputy was involved in the seizure (*when two were involved*).
- Deputy appointments were not filed with the County Recorder as required by NRS.
- Review of user access to the case management application was not being performed on a consistent basis and two former employees retained access to the application.

Scope and Objectives

The objective of this audit was to determine whether corrective actions were implemented to address findings in the original audit.

The audit covered the period from March 1, 2021, through March 31, 2022. We considered processes in place as of June 8, 2022. The last day of field work was June 23, 2022.

Methodology

To accomplish our objectives, we interviewed staff and management from the Laughlin Township Constable's Office. We obtained the status of the findings included in the original audit. We then performed the following procedures:

- Confirmed through inquiry and examination, that the Office implemented a bank reconciliation process that includes all the elements for a proper reconciliation;
- Used professional judgement to select one month during the audit period to re-perform the bank reconciliation for both bank accounts, to confirm accuracy of work performed;
- Confirmed through inquiry and examination, that the Office implemented a record, independent of the bank, that captures all daily receipts;

- Used professional judgement to select five dates during the audit period and agreed daily receipts, per the independent record, to the bank statement;
- Confirmed through interviews that staff are trained in key financial tasks and appropriate segregation of duties is in place;
- Confirmed that the Office established a written labor agreement that details independent contractor status, liability limitation and compensation terms;
- Used professional judgement to select 2 out of 29 complex civil cases during the audit period. For the sampled selection, we reviewed written documentation to determine whether at least two deputy constables participated in asset seizures;
- Retrieved recorded documents to confirm that all deputies (10) had written appointments filed with the County Recorder; and
- Determined through review of documentation that the Office implemented a process to periodically monitor access to the case management application and access for all active users was warranted.

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

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.

Conclusions

The Laughlin Township Constable's Fully resolved all five findings identified in the original audit. Implemented corrective action includes the following:

- A large unreconciled cash balance identified in the previous audit has now been adjusted. This allowed the Office to leverage QuickBooks (*an accounting application*) to record daily deposits and perform bank

reconciliations. All sampled bank reconciliations were properly performed.

- An independent cash journal was created that captures pertinent transaction details.
- Staff was cross trained on key financial tasks and adequate segregation of duties is maintained.
- A comprehensive labor agreement was implemented. Counsel reviewed the verbiage and deputies will execute the agreement soon.
- Complex civil case Inventory documentation was streamlined into one form. All sampled complex civil cases had inventory documentation available and asset seizures were performed by two deputies, per signed affirmations.
- All deputy appointments were filed with the County Recorder.
- A CourtView user review process was implemented - access is reviewed semi-annually.