

AUDIT REPORT

Clark County Imprest and
Petty Cash Funds Fiscal Year
2020 Audit

January 2021

CLARK COUNTY *Nevada*

Audit Department

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Background

NRS 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 the majority of County cash and investments are in custody of the 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.

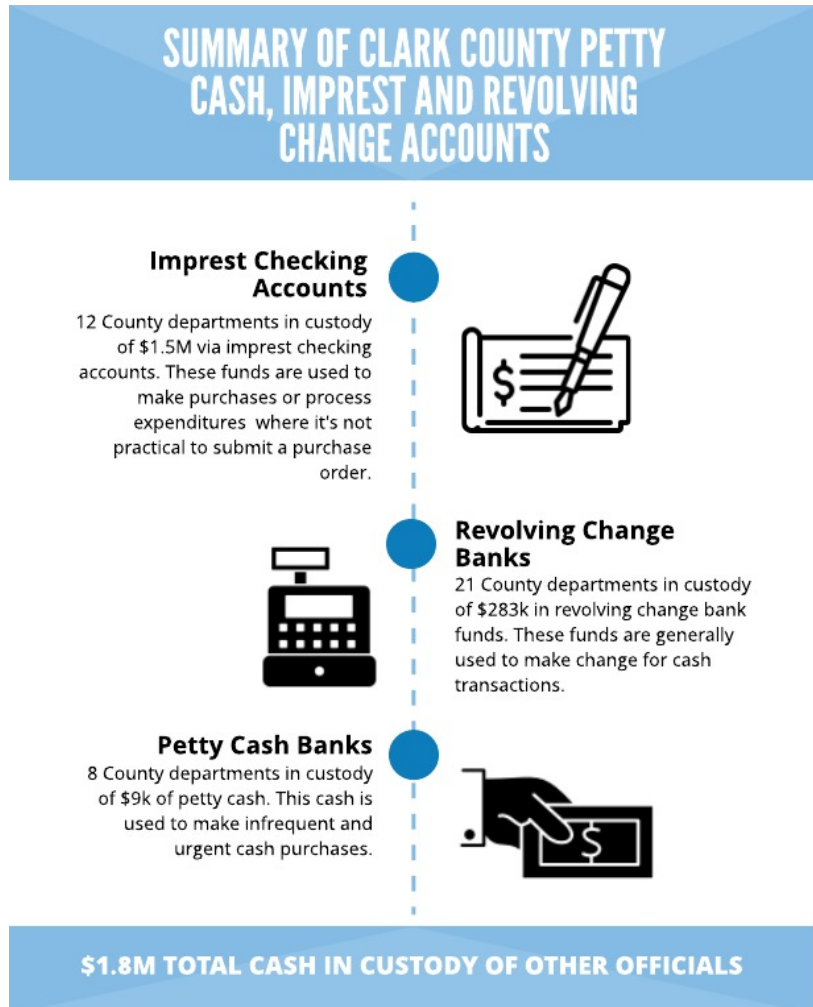
Revolving accounts are typically cash funds kept at the department level for the purpose of making change where cash is collected.

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 (*i.e. 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 \$1.8M in custody of other officials for petty cash, imprest accounts and change accounts as of June 31, 2020. These funds are held between various departments as summarized in Exhibit 1.

Exhibit 1: County Departments in Custody of \$1.8M in 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.

We perform a yearly audit of the County's petty cash accounts, imprest accounts and revolving bank accounts. Exhibit 2 illustrates the account balances, as of June 30, 2020, for each department that maintains an account.

**Exhibit 2: Imprest, Petty Cash and Revolving Bank
Balance Per Department FY20**

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	-	-	250	250
Building and 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 ⁽⁴⁾	-	-	-	-
District Court	500	-	15,200	15,700
District Court - Jury Services	-	200,000	200,000	400,000
Juvenile Justices Services	500	3,935	360	4,795
Election	-	-	200	200
Family Services	-	40,000	-	40,000
Fire	5,000	-	-	5,000
Henderson Township Constable	-	-	400	400
Henderson Justice Court	-	3,000	850	3,850
Las Vegas Township Constable	-	-	600	600
Las Vegas Justice Court	-	500,000	10,200	510,200
Las Vegas Metropolitan Police ⁽²⁾	350	235,000	15,450	250,800
North Las Vegas Township Constable	-	-	200	200
North Las Vegas Justice Court	-	1,400	1,000	2,400
Outlying Justice Courts ⁽¹⁾	-	17,150	900	18,050
Parks and Recreation	500	-	11,500	12,000
Public Administrator's Office	-	1,000	200	1,200
Public Guardian's Office	-	1,000	-	1,000
Public Works	-	-	350	350
Real Property Management	-	-	1,000	1,000
Recorder's Office	150	-	4,000	4,150
Regional Flood Control District ⁽³⁾	500	-	-	500
Social Service	100	500,000	-	500,100
Treasurer's Office	-	-	20,100	20,100
Total Imprest, Petty Cash and Change Bank Funds				\$ 1,813,742

Source: Clark County Audit Schedule of Cash in Custody of Other Officials, 4th Quarter FY 2020

⁽¹⁾ Imprest and revolving accounts are distributed among eight outlying Justice Courts.

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

⁽³⁾ 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.

⁽⁴⁾ 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.

Proper accounting, recording and operation of these accounts are essential for a healthy, functioning organization. Further, it ensures the County maintains adherence with

Scope and Objectives

fiscal mandates, NRS and the requirements of the resolutions of the Board of County Commissioners.

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 monthly and petty cash accounts 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 through July 1, 2019 to June 30, 2020. The last day of fieldwork was September 9, 2020.

Methodology

To accomplish our objectives, we performed the following:

- Reviewed the various Board resolutions establishing each imprest, petty cash and change account to identify the amount of the account 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 account balance;
- Agreed the general ledger account balances to the Comptroller's Quarterly Schedule of Funds in Custody of Other Departments and department affirmed balances;
- Performed in-person surprise counts of petty cash and change bank fund counts using a judgmentally selected sample of departments;
- For imprest accounts, we reviewed randomly selected departmental prepared reconciliations and supporting schedules, to determine whether reconciliations are performed at least monthly and account balances are in agreement with affirmed totals;
- For imprest accounts, we re-performed at least 1 account 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 ensure funds are periodically reconciled, in agreement with the affirmed totals and any shortage/overage was investigated; and
- Reviewed each department's written policies for their imprest, petty cash or revolving change fund accounts to determine adherence with Fiscal Directive 16 (FD16) 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 department audit, we communicated the results of our procedures to the Clark County Comptroller and affected Department Heads.

Our review was limited to the procedures discussed above and did not include a comprehensive evaluation of internal controls for the accounts included in this report. Our surprise cash counts were limited due to the COVID-19 Emergency Declaration.

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

Overall, the balances of the various imprest checking accounts, petty cash accounts and revolving change bank held by County departments are in agreement with the Board approved resolution amounts. We found that most departments are properly reconciling their accounts in accordance with Fiscal Directive 16. We also found that most accounts are being replenished in a timely manner. However, we did note the following:

- Work to resolve the Las Vegas Justice Court imprest account discrepancy is ongoing;
- A shortage in the Real Property Management change fund needs to be addressed;

- Some departments can improve their reconciliations;
- Some departments are missing or need to enhance their written policies;
- One department needs to update their fund resolution; and
- One department should evaluate the necessity of their change fund.

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. Copies of these written responses are included in the appendices section of this report.

Findings, Recommendations, and Responses

The Las Vegas Justice Court Imprest Account Continues to be Out of Balance, Reconciliations Could Be Improved, Replenishments Are Not Always Timely and The Change Bank Deficiency Needs to Be Addressed (High)

The Las Vegas Justice Court is in custody of a \$500,000 imprest bank account. *NOTE: the actual monthly bank balance varies due to outstanding checks.*

The imprest bank account was established in 1989 to allow the Court to process court ordered refunds and cash bail exonerations; the account continues to serve this purpose.

The Court is also responsible for a \$10,200 revolving change bank used to provide change to cash paying customers at various locations.

The imprest bank account allows the Court to quickly issue refund checks for bail exonerations and other court ordered refunds. The Court requests reimbursement for Court issued refund checks via a written claim voucher submitted monthly or semi-monthly to the County Comptroller. The County fulfills these requests using funds from the Court's bail fund (2510.000). For FY20, the average reimbursement request was \$236,379. *NOTE: The Court's cash, credit card and check receipts are deposited and accounted for in various accounts; the only deposits to the imprest account are approved County reimbursement requests and miscellaneous bank credits.*

The Court has experienced difficulties reconciling the imprest account's bank balance to the Board approved fund amount and identifying the overage/shortage. This was first discussed during the FY17 annual imprest account audit. For this audit, we identified the following findings related to this account:

The Las Vegas Justice Court's Imprest Account Contains \$300,000 That Should be Sent Back to the County

\$300,000 Should Be Remitted Back to the County

We found that the imprest bank account contains an additional \$300,000 that should be remitted back to the County. This was a result of a reimbursement claim that was submitted and fulfilled in October 2016 that erroneously (*human error*) requested reimbursement for \$300,000 that was previously sent to the County to reduce the imprest bank account balance (*per Board resolution*).

The Court remitted the \$300,000 back to the County on January 2018, but upon the check clearing, the Court's imprest account went into a negative balance. The Court's account went in to the negative due to several reimbursement requests that were not submitted in a timely manner. Because of this, the account balance was lower than what it would have been had the reimbursements been deposited. As such, the account could not absorb the normal refund checks and the \$300,000 check. In light of the negative account balance, the County wired the Court \$300,000, which currently remains in the imprest account.

By holding the \$300,000, the Court is increasing the imprest account bank balance and thus increasing its financial liability. These additional funds could be used by the County to support other Court expenditures.

Credit for Voided Checks in October 2018 Not Carried Forward

When preparing the imprest account reimbursement request, the Court deducts voided checks. This is done because a voided check represents a refund check that is no longer negotiable and thus no longer a reimbursable expenditure. By deducting voids for refund checks issued in prior periods (*that were already reimbursed by the County*) the Court is essentially providing the County a credit for the corresponding check amount.

During the 2nd half of October 2018, the Court voided \$161,811.15 in abandoned checks as part of the yearly unclaimed property remittance. The County made the unclaimed property payment on behalf of the Court using fund 2510.000 apportioned cash. *NOTE: transferring unclaimed funds requires a payment to the State Treasurer.* During this period, the Court issued \$152,340.91 in refund checks and when accounting for total of \$170,532.37 in

abandoned and voided checks, the reimbursement claim was negative \$18,191.46. Thus, the Court did not submit the reimbursement request voucher for this period.

Essentially, by not submitting the reimbursement request voucher, the Court provided the County with a credit for the unclaimed property payment. This is acceptable; however, we believe the additional \$18,191.46 credit should have rolled forward into the November 2018 reimbursement request, which it did not.

For FY19, apportioned cash out of the bail fund (2510.000) was used to transfer unclaimed refund checks to the State Treasurer. The corresponding amount remains in the imprest account as of December 2019.

It is important that the County receive credit (*or payment*) when the County transfers unclaimed property to the State on the Court's behalf. Without the full credit or payment, the County has essentially paid once for the original refund check reimbursement and again when transferring the unclaimed funds to the State Treasurer.

Sampled Las Vegas Justice
Court Bank Reconciliations
Do Not Balance to the Board
Approved Imprest Amount

Imprest Account Reconciliations Could Be Improved

We reviewed three months of imprest account reconciliations (*October, November and December 2019*), and found that the Court correctly reconciles bank debits/withdraws to their internal records without exception. However, there is no complete reconciliation between the ending month's bank statement balance, and the \$500,000 Board approved imprest fund balance.

Each reconciliation includes the ending bank balance, per the bank statement, and the outstanding checks figure, per the Bank of America Reconciliation Report. However, we found that the following were not included:

- The pending reimbursement deposits
- The \$300,000 due to the County,
- The carry forward credit for voids done in the 2nd half of October 2018,
- A general plug number for reconciling items pending research.

Without those figures, it is not possible to properly reconcile the ending bank balance to the imprest fund balance. Bank reconciliations are a critical tool in managing the imprest account and are required to be performed monthly under FD16. Reconciliations help identify errors, potential fraud, missing deposits, bank errors and provide

accountability for the funds. All reconciling items need to be reviewed and addressed.

Four Imprest Reimbursement Requests Were Not Timely

We found four reimbursement requests in FY20 that were not timely. Clark County Fiscal Directive 16, III.C (1) states: “as mandated by NRS 354.609, reimbursement of any petty cash, imprest or revolving accounts must be made no less than monthly”. The timeliness of these claims is outlined in Exhibit 3.

Exhibit 3: Sampled Reimbursement Requests Not Timely

Month & Year Expenditures Occurred	Posting Date	# of Days from Month End	Amount
10/31/2019	02/21/2020	113 Days	\$ 290,484
11/30/2019	01/06/2020	37 Days	\$ 190,737
12/31/2019	02/12/2020	43 Days	\$ 339,310
09/30/2019 ⁽¹⁾	06/30/2020	275 Days	\$ 48,031
03/31/2020 ⁽¹⁾	06/30/2020	92 Days	

Source: Auditor Prepared

⁽¹⁾ Combined request for refund checks not captured in original March and September requests.

Untimely reimbursement claims increase the risk that the imprest account balance could have a negative balance and not have sufficient funding to cover issued checks. It appears these were isolated incidents, as the other FY20 reimbursement requests were done on time.

Change Bank Deficiency Needs to Be Addressed

\$200 Change Bank Not in Custody

Part of the Court’s change fund includes a \$200 revolving change bank issued to the Personnel Department DUI/Traffic School on June 1, 1993. According to the Court, the fund is no longer under their control, but the Court could not provide documentation indicating when the fund was returned. County Finance was also unable to establish that the funds were returned. The balance remains in the general ledger.

While this balance is immaterial to the Court’s overall financial position, we believe accountability should be established in accordance with County Fiscal Directive 16.

Additional Detailed Review of Reimbursement Vouchers is Needed to Identify Any Other Errors

With accounting for the reconciling items noted above, we estimate that there may be a shortage in the imprest bank account balance when reconciling to the Board approved amount. In order to identify any other variance(s), additional work is needed. This entails reviewing every imprest reimbursement request and bank statement starting in

February 1, 2018 (*last known time period when the ending bank balance reconciled to the Board approved amount*).

This review may prove difficult as there have been at least 50 vouchers submitted since February 1, 2018. Further, Court Finance staff is currently short 3 positions and some staff are relatively new. In addition, Court Finance will be working on configuring the financial portion of their case management system. The Court is hopeful that with configuring the financial section of their case management system, they'll be better equipped to identify the cause and amount of any additional discrepancies.

Recommendation

- 1.1 Before remitting the \$300,000 back to the County, the Court should identify the total amount needed to fully reconcile the imprest account's bank balance to \$500,000.
- 1.2 Once the final overage/shortage amount has been identified, the Court should communicate with County Finance to determine the best course of action to remedy the discrepancy.
- 1.3 Ensure that monthly imprest account reconciliations reconcile the difference between the ending account balance, per the bank, to the Board approved imprest balance of \$500,000. Note any pending deposits, outstanding checks, bank errors, miscellaneous bank debits/credits balance and any other reconciling items that need research.
- 1.4 Ensure timely and accurate preparation of the imprest account reimbursement request by reviewing the work performed and consider cross-training staff.
- 1.5 Verify that the \$200 change bank is longer in the Court's control, and if the funds cannot be found, notify the Comptroller regarding the missing funds in accordance with Fiscal Directive 16. Further, the Court should work with County Finance to petition the Board to dissolve the fund if no longer needed.

Management Response

- 1.1 - 1.3
Las Vegas Justice Court (LVJC) is complying with the requested reconciliation process by using the template provided by Arlint CPA Consultants. The template is used on a monthly basis to reconcile and submit our reimbursement requests timely. With the help from Internal Audit, LVJC has included a couple of additional key items on the template for better reconciliation practices and transparency.

Next month, LVJC will begin the first implementation stage of the Odyssey Financial Manager (OFM). During the training phases, LVJC will learn how to utilize the financial module to its full capacity. The financial module will assist in correcting identified issues with the reconciliation process and provide better accountability and transparency of court revenue.

1.4 Currently, 4 out of 5 LVJC Finance Division employees are familiar with the reimbursement request process.

After the implementation of the OFM, all Finance Division employees will be fully trained on the new process.

A policy and procedure will be documented for new OFM process. The staff will be periodically retrained for consistency and accountability.

1.5 LVJC reviewed historical documentation and no information was located regarding this change bank. The Traffic Division Administrator recalled the change bank was closed and dissolved around 2012.

The court cannot verify the funds are no longer in our control.

Finance will notify the Comptroller's office in accordance with Fiscal Directive 16 and work with County Finance to petition the Board to dissolve this account as soon as possible.

If LVJC is required to replenish the funds, LVJC Finance will request approval from the Court Administration/Chief Judge to replenish funds allowing LVJC to fulfill this recommendation.

Real Property Management's Change Machine Continues to Malfunction Resulting in Shortages and Funds Are Not Consistently Counted (Medium)

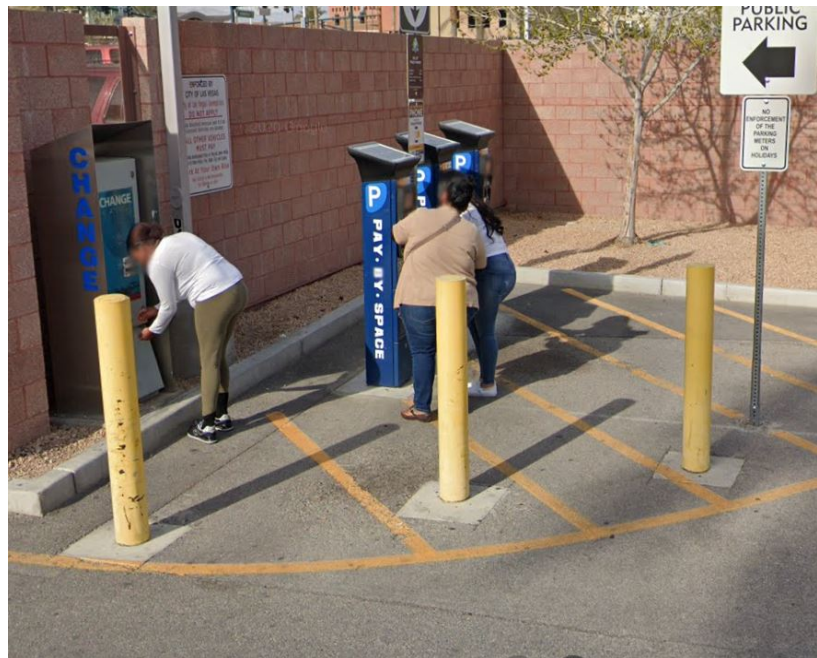
Real Property Management (RPM) maintains a revolving change bank account for the purpose of operating a change machine at the Regional Justice Center metered parking lot located at 215 & 270 East Clark Avenue. The change bank was approved on July 1, 2014 for \$1,000.

The change machine provides customers of the Regional Justice Center public parking lot the ability exchange paper currency for coins. The coins may then be used to pay for parking at any of the lot's parking meters, which also accept credit card payments and electronic payments via smartphone applications. The parking meters do not accept paper currency.

The Board approved the installation of four new multi-space parking meters on September 17, 2019. The parking meters are owned and operated by the City of Las Vegas with the County receiving all of the parking meter revenue under an interlocal agreement. Exhibit 4 shows the parking meters and change machine at the RJC metered lot in early 2020.

Change Machine Provides Customers with Coins That May be Used at Parking Meters

Exhibit 4: Parking Meters & Change Machine at RJC Metered Parking Lot, February 2020



Source: Google Maps, February 2020

RPM has experienced ongoing problems with the coin machine malfunctioning which results in incorrect change being issued. We noted shortages in the change fund in the 2018 and 2019 cash audit, and an overage in the 2017 cash audit. The machine appears to malfunction because of prolonged exposure to the elements. While the machine has been repaired, errors continue to occur.

The department affirmed that the change fund balance was \$633 on August 5, 2019. A subsequent count was performed on June 24, 2020 indicating that \$692 was on hand. Both counts represent a shortage from the Board approved \$1,000 change fund balance. The shortage has not been remedied as of June 2020.

We also found that the change fund balance is only counted when requested by Clark County Audit and not monthly as required by the Board resolution that established the account.

The change machine has been emptied and taken out of service effective March 2020 as shown in Exhibit 5. The department retains the balance of the fund in a storage safe.

Exhibit 5: Change Machine No Longer in Service



Source: Clark County Audit, September 2020

While the current shortage has not been corrected, the department plans to dissolve the change fund sometime in the near future.

Recommendation

- 2.1 Report the change fund shortage to Clark County Finance for accounting purposes.
- 2.2 Petition the Board to dissolve the change fund if the final determination is that the fund is no longer needed.

Management Response

- 2.1 - 2.2
- According to Real Property Management on July 16, 2020, the department believes the fund is no longer necessary, as new parking meters have been installed which accept coin, card payments and smart phone payments. The department also confirmed that they intend to request dissolution of the fund.

Various Departments Can Improve the Documentation of Their Account Reconciliations (Low)

Clark County Fiscal Directive 16, III.C requires that revolving change funds be reconciled daily, while petty cash and imprest accounts are to be reconciled monthly. All accounts are to be reconciled to the Board approved fund balances. The directive also requires reconciliations to be documented and maintained on file for three years for audit purposes.

We found various departments that can improve the documentation of their account reconciliations as follows:

Comprehensive Planning:

The Department of Comprehensive Planning performs a reconciliation of their \$250 change fund via a daily count; however, this count is not documented. A documented reconciliation provides evidence the account was reconciled to the Board approved amount and that the department is complying with Fiscal Directive 16.

District Attorney's Office:

The District Attorney's Office performs a reconciliation of the Victim Witness Account only when there is activity and not during periods of inactivity. We believe a documented reconciliation should always be performed, regardless of activity in the account. This ensures adherence with FD16 and strengthens accountability.

We believe the District Attorney's Office, Family Support Division's imprest account reconciliation can be improved. The Division uses a form that lists each month with a summary column for account additions/subtractions, check number, item description and ending balance. However, the provided form did not include the name of staff that prepared and/or reviewed the reconciliation. Further, the ending bank balance and imprest balance are not always listed during periods of inactivity. A fully documented reconciliation enumerates the ending bank balance, changes to the account balance, replenishments and any reconciling items. This ensures adherence with FD16 and strengthens accountability.

Fire Department

The Fire Department has a \$5,000 petty cash account. A written count is performed at least once per month, which also serves as a reconciliation. When applicable, the reconciliation includes incoming reimbursements, however, expenditures pending reimbursement are not listed. We believe including expenditures pending reimbursement will

improve the reconciliation and will ensure the department is able to reconcile to the board approved amount of \$5,000.

Juvenile Justices Services

The Department of Juvenile Justices Services has a \$500 petty cash fund. We believe the reconciliation of this fund can be improved. The department documents cash on hand but does not list the reconciliation between cash on hand and the imprest balance, per Board resolution. By not doing so, the department may fail to identify reimbursements that have not been submitted and/or items that need further research.

We also found that reimbursement for petty cash expenditures can be timelier. As an example, the petty cash account was replenished on April 17, 2019 - the account was not again replenished until March 4, 2020, even though 13 expenditures were recorded in that time period. While petty cash expenditures are small and sometime infrequent, Fiscal Directive 16 requires reimbursements by made no less than monthly.

North Las Vegas Constable:

The North Las Vegas Township Constable's Office has a \$200 revolving change fund. The Office counts and reconciles the fund daily, but the work is not documented. The reconciliation should be documented and retained to comply with Fiscal Directive 16.

North Las Vegas Justice Court:

The North Las Vegas Justice Court has a \$1,000 revolving change fund. This fund is distributed among various window clerks. Clerks perform a daily count and reconciliation of the funds. However, the written documentation only includes the clerk's signature and does not affirm the amount of cash counted and received. We believe including the amount counted improves accountability and strengthens compliance with Fiscal Directive 16.

Parks and Recreation:

Parks and Recreation is in custody of a \$3,000 revolving change fund distributed among various recreation sites. The department is also in custody of a \$2,500 change fund for use at The Club at Sunrise Golf Course. We found that the department is performing a count of the funds but not consistently documenting the count and reconciliation.

Specifically, of the 26 recreational sites with change funds, only 5 documented a cash count. The Sunrise Golf Course performed a month end cash count but not a daily reconciliation. A documented daily reconciliation is required for change funds under Fiscal Directive 16. It serves as a reminder to staff to count cash and helps identify any discrepancies in a timely manner.

Public Guardian's Office:

The Public Guardian's Office performs a monthly imprest account reconciliation. The ending bank balance is reconciled to the book balance per the case management system. However, the reconciliation to the imprest account balance, per the Board is not listed. Not reconciling to the imprest balance, per the resolution, makes it difficult to identify variances and/or items needing further research.

Recorder's Office:

The Recorder's Office is in custody of a \$150 petty cash fund. The fund is reconciled quarterly instead of monthly as required by Fiscal Directive 16. A timely reconciliation helps identify any fund variances .

Properly documenting account reconciliations improves accountability and ensures compliance with Fiscal Directive 16. Reconciliations assist with identifying overages/shortages, fraud, errors and other miscellaneous issues that may need further investigation.

Recommendation

- 3.1 Departments should document and perform a monthly reconciliation of their imprest accounts and include the bank balance, fund activity, reconciliation to the board approved amount, over/short calculation, name of the person who performed the reconciliation and person who reviewed/approved the reconciliation. Petty cash and change funds should be counted daily and reconciled to the approved amount. Account replenishments should be done no less than monthly. Any discrepancies should be investigated and reported if unresolved.
- 3.2 Imprest account reconciliations should be documented even during periods of no activity.

Management Response

3.1 - 3.2

Comprehensive Planning:

On December 18, 2019, the Department of Comprehensive planning instituted a cash log to document a daily reconciliation.

District Attorney's Office:

Effective January 10, 2020, DA Administration will document a complete reconciliation of each account even if there was no activity for the period.

Effective January 10, 2020, DA Family support will document a complete reconciliation of each account even if there was no activity for the period.

Fire Department:

On April 8, 2020, the Fire Department updated their reconciliation to include documenting reconciling items and balancing to the imprest amount.

Juvenile Justice Services:

Beginning February 20, 2020, Department of Juvenile Justice Services updated procedures to perform a monthly reconciliation and replenishment of their petty cash fund and added signature lines.

North Las Vegas Constable:

On July 3, 2020, the North Las Vegas Constable implemented a daily balancing sheet that included the daily count of the change banks.

North Las Vegas Justice Court:

On June 8, 2020, the North Las Vegas Justice Court updated their daily bank log to include the amount of the bank and signatures.

Parks and Recreation:

As of September 14, 2020, Parks and Recreation has implemented a standardized form for to document daily change bank cash counts. The form has been distributed to all staff for implementation.

Public Guardian's Office:

Effective October 15, 2019, Office of the Public Guardian updated their reconciliation to reconcile to the imprest amount.

Recorder's Office:

On June 16, 2020, the Clark County Recorder's Office implemented monthly reconciliations of the petty cash fund.

Various Departments Have Missing or Incomplete Written Policies for Their Imprest Accounts, Change Banks and Petty Cash Accounts (Low)

We found various departments whose written imprest/petty cash/change fund policies do not address the treatment and/or disposition of cash discrepancies as required by Fiscal Directive 16, which states:

“Each department having a fund is required to submit a written policy to the Comptroller addressing its treatment of cash overages/shortages. The policy should state that every effort would be made to

The departments are as follows:

- Building & Fire Prevention
- Comprehensive Planning
- County Assessor’s Office
- District Attorney - Administration Division
- Election
- North Las Vegas Township Constable’s Office
- Public Guardian’s Office

The Public Administrator’s Office has partial written policies in place, but they do not mention the treatment of cash overages/shortages. The Henderson Constable’s Office is in process of drafting policies and procedures for their change fund.

Written policies for the treatment of overages/shortages are not only required by Fiscal Directive 16, but they also promote accountability and provide a point of reference for the current and future staff.

Recommendation

4.1 When missing or incomplete, departments should draft written policies for controlling the use of the fund that include the handling and reporting of cash overages/shortages. The written policies should be in accordance with County Directive 16 and the Board Resolution authorizing the fund.

Management Response

4.1

Assessor’s Office:

Effective December 19, 2019, the County Assessor’s policy was updated to address cash variances in the accounts.

Building & Fire Prevention:

Effective December 19, 2019, the Department of Building and Fire Prevention policy was updated to address cash variances in the accounts.

Comprehensive Planning:

Effective January 8, 2020, Comprehensive Planning Policy was updated to address cash variances in the accounts.

District Attorney's Office:

Effective January 10, 2020, the policy was updated to address cash variances in the accounts.

Election:

Effective February 21, 2020, the Election Department's policy was updated to address cash variances in the accounts.

Henderson Constable:

On January 29, 2020, the Henderson Constable produced adequate and complete written policies to the Audit department.

North Las Vegas Constable:

Effective July 3, 2020, North Las Vegas Constable policy was updated to address cash variances in the accounts.

Public Administrator's Office:

The Office is in the process of updating all policies.

Public Guardian's Office:

Effective October 15, 2019, Public Guardian policy was updated to address cash variances in the accounts.

The Public Administrator's Revolving Change Fund Is Being Used as a Petty Cash Account (Low)

The Public Administrator's Office is in custody of a \$200 revolving change fund. The fund was established on December 16, 1997. The intended usage was to allow the Office to provide change to customers paying for services performed in the execution of duties to secure and preserve decedent property.

We found that the change fund is currently being used as a petty cash fund as evidenced by purchases and reimbursements to the account. Although the fund balance is low, and carries little risk of material loss, the resolution that established this account does not allow for the fund to be used for petty cash expenditures.

While petty cash purchases are not explicitly allowed for this change fund, we found one expenditure for \$78.70 that occurred on April 17, 2019 but was not reimbursed until 56 days later on June 12, 2019, outside of the monthly timeframe required by Fiscal Directive 16, III.C (1).

We believe this is a technical issue with the verbiage of the resolution and not an intentional fault by the Office. There are different requirements for the management of a petty cash fund as opposed to a change fund, which is why we believe the designation should be clarified in the fund resolution.

Recommendation

- 5.1 The Public Administrator's Office should petition the Board to amend the purpose of the \$200 change fund to be a petty cash fund if the operational need still exists.
- 5.2 If the purpose is amended, expenditure reimbursements should be done at least monthly in accordance with Fiscal Directive 16.

Management Response

- 5.1 - 5.2
The Office petitioned the Board of County Commissioners to dissolve the change fund and establish a proper petty cash fund on November 3, 2020. This agenda item was approved by the Board and rectified the aforementioned audit finding.

Clark County District Court Should Evaluate Whether the Revolving Change Bank is Excessive (Low)

The Clark County District Court is in custody of a \$15,200 revolving change fund that is primarily split between the Civil Criminal Division and Family Division with \$200 set aside for Uniform Interstate Family Support Act (UIFSA) support. These funds are then further divided into smaller banks that are provided to clerks.

We sampled 3 daily reconciliations and found that \$1,350 was issued at the Civil Criminal Division and \$7,650 was kept in the safe for breaking large bills. At the Family Division, we found that no more than 12 clerks were issued banks at \$150 each, leaving \$4,200 in the safe.

Cash is a very liquid asset. Having additional amounts on hand increases the risk of cash being misplaced, stolen or misappropriated. Further, it increases the time spent overseeing and administering the account. As such, change funds should be limited to what is necessary to meet operational needs.

Recommendation

- 6.1 District Court should evaluate their cash usage to determine if the \$15,000 at the Civil Criminal and Family Division is still required to maintain efficient operations. If the full amount is no longer required, we recommend the Court obtain an updated resolution from the Board to reduce the amount of the fund and return the excess funds to the County.

Management Response

6.1 District Court will be reducing their change fund by \$10,000. A resolution will be presented to the Board on February 2, 2021.