

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 27, 2021 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.

Commissioner Naft introduced and welcomed Commissioners Miller and McCurdy who have been appointed to the Audit Committee January 2021.

COMMISSIONERS PRESENT:

Michael Naft
William McCurdy II
Ross Miller

ALSO PRESENT:

Angela M. Darragh, Audit Director
Yolanda King, County Manager
Les Lee Shell, Chief Administrative Officer
Jeff Wells, Assistant County Manager
Randy Tarr, Assistant County Manager
Kevin Schiller, Assistant County Manager
Mary-Ann Miller, Civil District Attorney, County Counsel
Christopher Lalli, Assistant District Attorney, Criminal Division
Felix Luna, Principal Auditor
Christopher Hui, Information Systems Auditor
Anthony Manor, Commission Assistant

PARTICIPANTS VIA MICROSOFT TEAMS (VIRTUAL):

Jessica Colvin, Chief Financial Officer
Lynn Goya, County Clerk
Briana Johnson, County Assessor
Timothy Burch, Administrator of Human Services
John "Jack" Martin, Director, Juvenile Justice
Daniel Hernandez, Director, Parks and Recreation
Jerry Stueve, Director, Building and Fire Prevention
James Gerren, Assistant Director Building and Fire Prevention
Nancy A. Amundsen, Director, Comprehensive Planning
Jeanine Pitts-Dilworth, Director of Administrative Services, Regional Flood Control
Anna Danchik, Comptroller
Melissa Saragosa, Chief Judge, Las Vegas Justice Court

Grissell Hernandez, Acting Las Vegas Justice Court Administrator
Terri March, Court Administrator, North Las Vegas Justice Court
Derek Boyle, Court Administrator, Henderson Justice Court
Kenny Taylor, Henderson Constable
Ashley Roesner, Legal Assistant II, North Las Vegas Constable
Chief Kelly Blackmon, Deputy Fire Chief, Clark County Fire Department
James Headen, Assistant Manager, Business License
Vincent Queano, Assistant Manager, Business License
Brandie Rangel, Manager of Fiscal Revenue, Las Vegas Justice Court
Jennifer Garcia, Fiscal Services Administrator, District Court
Amara Vigil, Senior Management Analyst, Department of Building & Fire Prevention
Lisa Francis, Management Analyst II, Public Guardian
Helen To, Senior Accountant, Las Vegas Justice Court
Carlos Goodin, Auditor II, Recorder's Office
Cynthia Birney, Manager Audit/HIPAA and Corporate Compliance
DeRhonda Perkins, Internal Auditor
Scott Routsong, Internal Auditor
Tracy Banks, Internal Auditor
Jessica Butte, City of Las Vegas
Nita Schmidt, LVMPD
Whitney Richardson, Commission Assistant

1. **Approval of Minutes**

It was moved by Commissioner Naft and carried unanimously that the minutes of July 29, 2020 meeting be approved.

2. **Approval of Agenda**

It was moved by Commissioner Naft and carried unanimously that the January 27th agenda be approved.

3. **Receive and discuss the fourth quarter CY 2020 audit reports CY 2020.**

FY 2020 Petty Cash and Imprest Fund

This audit was performed to verify that the departments with cash in custody and imprest funds are following Fiscal Directive 16 regarding the operation of such funds. Transactions from July 1, 2019 through June 30, 2020 were included and the last day of fieldwork was September 9, 2020.

Audit performed the following:

- Verified imprest checking accounts by reviewing the account custodian-prepared reconciliations and supporting schedules. This included verifying that reconciliations are performed monthly in accordance with Fiscal Director 16.
- Verified petty cash and change fund amounts by obtaining confirmation of the amount on hand from the supervisor of the respective fund custodians.
- Conducted surprise cash counts on a judgmentally selected sample of accounts.
- Agreed cash in custody amounts to BCC approved amounts and the general ledger.
- Reviewed department written policies for compliance with Fiscal Directive 16 and the BCC resolutions authorizing the fund.

The findings are as follows:

- 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.
 - \$300,000 in the imprest account should be remitted back to the County.
 - Credit for voided checks in October 2018 not carried forward.
 - Imprest account reconciliations could be improved.
 - Four imprest reimbursement requests were not timely.
 - \$200 change bank not in custody.
 - Additional review of reimbursement vouchers is needed to identify any other errors.

Audit recommendations:

- Before remitting the money back to the County, the Court should determine the exact amount needed to reconcile the imprest account and then communicate with the County the best course of action to address that.
- Ensure that the monthly imprest account reconciliation is reconciled between the ending account balance and the Board approved amount balance.
- Ensure timely and accurate preparation of the imprest account reimbursement request.
- Determine what needs to be done with the \$200 change bank.

Chief Judge Melissa Saragosa reported that the Las Vegas Justice Court is in the process of implementing corrective actions, however major staffing problems have caused delays especially in timeliness of reimbursement requests. The LVJC has also for a long time lacked accounting expertise. Corrective action is in progress and include:

- *Adding financial manager module to case management system.*
- *Separating criminal bail bond accounts from civil accounts and separating outlying court accounts.*
- *Contracting a CPA to assist with the back log. (Jessica Colvin, Chief Financial Officer confirmed that a list of accounting temp agencies can be explored to recruit for this position.)*

- Real Property Management's change machine continues to malfunction resulting in shortages and funds are not consistently counted.

This issue has been resolved. The malfunctioning machine has been replaced and new parking meters were installed that don't require as many coins.

- Various departments can improve the documentation of their account reconciliations. Fiscal Directive 16 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. Minor discrepancies were found in the following departments:

- Comprehensive Planning – the count was not being documented.
- District Attorney's Office – the Victim Witness account was only being reconciled during periods of activity and the form used did not include the name of the staff that prepared

or reviewed the reconciliation. Also, the ending bank balance and imprest balance were not always listed during periods of inactivity.

Christopher Lalli, Assistant District Attorney reported that the Administrative Finance Division have implemented the necessary policy changes and now reconcile all the accounts on a monthly basis. With respect to the Family Support Division, a more robust accounting of who is involved in the reconciliation is being done as audit recommended.

- Fire Department – the reconciliation included incoming reimbursements but expenditures pending reimbursement were not listed.
- Juvenile Justice Services – cash on hand was being documented but did not list the reconciliation between cash on hand and the imprest balance per the Board resolution. Also, one of the expenditures was not reimbursed in a timely manner in accordance with the fiscal directive.
- North Las Vegas Constable – the office counts and reconciles daily but the work is not documented.
North Las Vegas Constable reported that they have implemented corrective action.
- North Las Vegas Justice Court – the written count documentation only included the clerk’s signature and did not affirm the amount of cash counted or received.

Terri March, Court Administrator reported that the NLVJC has been reconciling the imprest fund monthly and the change banks daily as recommended by Audit effective June 10, 2020.

- Parks and Recreation – they were not consistently documenting the count and reconciliation at all of their recreational sites that had funds. Out of 26 recreational sites with change funds, only five were documenting the cash count.
- Public Guardian’s Office – the reconciliation was being performed but it was not going to the Board approved amount.
- Recorder’s Office – the fund was being reconciled quarterly instead of monthly as required by the Fiscal Directive.

Carlos Goodin, Auditor, reported that the Recorder’s office has changed from quarterly to monthly reconciliation as Audit recommended in compliance with Fiscal Directive 16.

All the departments indicated that they are in the process of correcting their policies and procedures to ensure that the findings were resolved.

- Various departments have missing or incomplete written policies for their imprest accounts, change banks and petty cash accounts. Departments for the most part had policies in place but several did not address overages and shortages:
 - Building and Fire Prevention

Kelly Blackmon, Deputy Fire Chief reported that the Building and Fire Prevention implemented corrective and provided policies and procedures which has been accepted by Internal Audit.

- Comprehensive Planning
- Assessor's Office
- District Attorney Administrative Division
- Election
- North Las Vegas Constable
- Public Guardian's Office

These departments are in the process of developing and/or updating their policies and procedures to comply with the Fiscal Directive 16.

- Public Administrator's office has a \$200 revolving change fund that was being used as petty cash and purchases and reimbursements. Audit recommended that they petition the Board to amend the purpose of the change bank to be a petty cash if that is what they need to use it for. Also, some expenditures were not being reimbursed within the 30 days as required by Fiscal Directive 16.

Jeff Wells, Assistant County Manager reported this issue was resolved. The BCC approved the Public Administrator's office's petition to dissolve the change fund and establish a proper petty cash fund on November 3, 2020.

- Clark County District Court should evaluate whether the revolving change bank is excessive.

Jennifer Garcia, Fiscal Services Administrator reported that District Court will be returning \$10,000 from the change fund that is not being used. The Finance department submitted a resolution for BCC approval at the February 2nd meeting.

The report was accepted by the committee.

Westcare Community Triage Center Follow Up

The original audit was completed in January 2018. The following was done to determine whether corrective actions were taken to correct the findings from the original audit report:

- Held conference with personnel from the County Manager's office.
- Reviewed documentation of final billings from WestCare to determine if a credit was received.
- Obtained and reviewed provider contracts.

The scope of work covered the period January 1, 2018 through September 30, 2019 and the last day of fieldwork was July 14, 2020. Findings include:

- Credit is underestimated.

Westcare proposed a credit of about \$655,000 to compensate agreement participants for Medicaid billing revenue. During the original audit, we determined that the credit amount should have been a little over \$1 million. The actual county portion would have been a little over \$183 thousand.

Partially implemented – During the follow up we do not believe that a credit was received from WestCare. WestCare is no longer the contracted provider for the CTC and final payment was made to them in February 2020. The County referred the matter to the State of Nevada for final review since this deals to Medicaid billing. The WestCare agreement subsequent to the original agreement included provisions that indicate that any funds not expended under the Resolution can be taken back by the County for the County’s use and there are three new providers who replaced WestCare and they are based on a not-to-exceed compensation model and not subject to additional revenues.

- Monthly reports are based on inaccurate data.

Implemented - The agreement required WestCare to submit monthly status reports to the participants. Discrepancies were found ranging from 33 clients under reported to 145 clients over reported per month. The County is no longer using WestCare and the contracts with the three new providers adequately address the data systems so this finding is considered resolved. The three new providers were not audited.

- Monthly reports did not include number of referrals turned away.

Not implemented - WestCare had a procedure of refusing to accept certain clients and they provided monthly progress reports based on the number of clients served but there was nowhere that they indicated the number of referrals elsewhere and the clients they turned away. Audit recommended that the new contract includes specific language regarding the Community Triage Center’s rights to turn away referrals and that they require the CTC to report the number/reason for any referrals turned away. Neither the WestCare agreement subsequent to the original agreement nor the new provider contracts include language addressing referrals that are turned away.

During the audit, Social Services had just put in a new system in place and they reported that discrepancies was a result of the switch from the old to the new system. With regards to the under reporting issue, the system would record the date when care was first refused to an individual but if that individual came back subsequently and was refused service in the future, it would not record them again so there was no way to report out of their system how many people had been turned away at any given time.

Kevin Schiller, Assistant County Manager discussed the following:

- *Maintaining the WestCare contract at the time of the original audit as there was no other provider at that time.*
- *Tracking of the number of clients that were turned away.*
- *Review of crisis stabilization contracts with new providers.*
- *Affordable Care Act, credentialing requirements, HMOs, Medicaid and indigent costs.*
- *State funding and billing.*

The report was accepted by the committee.

There were no comments from the general public.

There being no further business, the meeting was adjourned at 10:05 am.