

AUDIT REPORT

Clark County
Imprest and Petty Cash Funds
Fiscal Year 2023 Audit
July 26, 2023



Signature

Petty Cash Request

Note: Petty cash requests must not exceed \$50.00.

Date	Account Number

Signature



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 2023 Audit

July 26, 2023

Background | Nevada Revised Statute Chapter 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, 2023.

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

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

- County departments are following Fiscal Directive Number 16 and the corresponding Board resolutions for managing their imprest, petty cash and change funds; and
- Petty cash, imprest accounts and change bank balances are in agreement with the County's enterprise resource planning application (SAP).

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 and SAP.

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 Clark County Fire Department's petty cash fund was not reconciled for a brief period due to staff turnover (Page 5);
- The Public Administrator's Office did not remit a small amount of interest earnings due to new staff (Page 5); and
- Eighth Judicial District Court imprest and petty cash fund reconciliations and reimbursement requests were slightly untimely due to staff turnover (Page 6).

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

Written responses were not obtained as departments are in agreement with these findings and corrective action will be verified during next year's audit.

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

Clark County Audit Department



Audit Team

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

Audit Committee

Commissioner Michael Naft
Commissioner William McCurdy II
Commissioner Ross Miller

About the Audit Department

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.

You can obtain copies of this report by contacting:

Clark County Audit Department
PO Box 551120
Las Vegas, NV 89155-1120
(702) 455-3269

CountyAuditor@ClarkCountyNV.gov

Or download and view an electronic copy by visiting our website at:

<https://www.clarkcountynv.gov/audit/Pages/AuditReports.aspx>



Table of Contents

Background.....	1
Objectives	4
Conclusions	4
Findings, Recommendations, and Responses	5
Clark County Fire Department Did Not Reconcile Their Petty Cash Fund on A Monthly Basis (Low Risk)	5
Clark County Public Administrator’s Office Interest Earnings Not Remitted (Low Risk).....	5
Finding 3 -District Court Slightly Untimely in Reconciling their Cash Accounts and Requesting Reimbursement (Low Risk)	6
Appendix A: Audit Scope and Methodology.....	8

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.

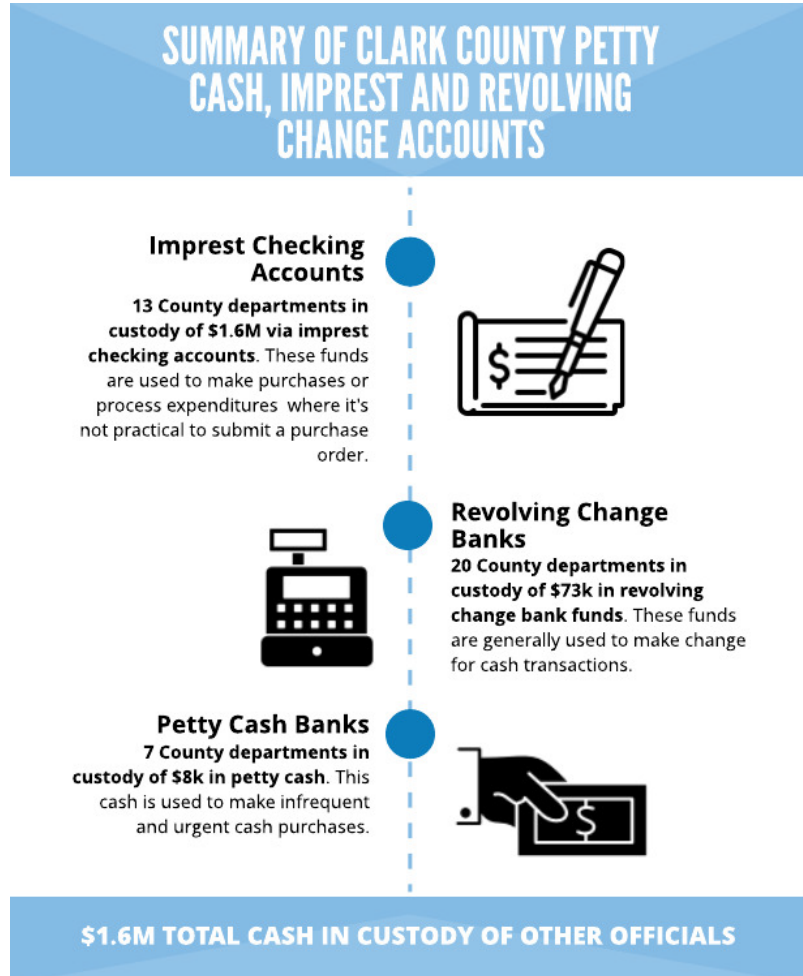
All petty cash accounts, imprest accounts, and revolving accounts are established by a resolution of the Board of County Commissioners. The Board also approves modifications to existing account resolutions (e.g., department responsibility, changes to account balances, account purpose, or maximum single 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, 2023. These funds are held between various departments. The bulk of the funds are

allocated to departmental imprest accounts as seen in Figure 1.

Figure 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.

Figure 2 illustrates the account balances, as of June 30, 2023, for each department that maintains an account.

Figure 2: Imprest, Petty Cash and Revolving Bank Balance - By Department FY23

Department Name	Petty Cash	Imprest Account	Change Bank	Total
Assessor's Office	\$ -	\$ -	\$ 2,897	\$ 2,897
Building & Fire Prevention	-	-	2,000	2,000
Business License	1,500	-	2,000	3,500
Clerk's Office	-	-	8,500	8,500
Comprehensive Planning	-	-	150	150
District Attorney's Office - Administration	-	2,000	-	2,000
District Attorney's Office - Criminal Division	-	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	-	250,000	-	250,000
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 ⁽⁵⁾	-	-	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	-	-	11,750	11,750
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	-	500,000
Treasurer	-	-	20,100	20,100
Total				\$1,644,192

Source: Auditor prepared based on work performed in FY23.

⁽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.

⁽⁵⁾ The Office is in the process of receiving an additional \$100 recently approved by the Board

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.

Objectives

We conducted this engagement in accordance with our annual audit plan. The objectives of this audit were to determine whether:

- County departments are following Fiscal Directive Number 16 and the corresponding Board resolutions for managing their imprest, petty cash and change funds; and
- Petty cash, imprest accounts and change bank balances are in agreement with the County's enterprise resource planning application

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:

- The Clark County Fire Department did not reconcile their \$5,000 petty cash for a brief period, due to staff turnover;
- The Office of the Clark County Public Administrator's \$1000 imprest fund earned interest, but it was not remitted to the County due to staff turnover; and
- The Eighth Judicial District Court's imprest and petty cash funds were not reconciled monthly for a brief period. Also, the Court's juror fee and petty cash account had slightly delayed reimbursements. Both are attributed to new staff training.

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, Recommendations, and Responses

Clark County Fire Department Did Not Reconcile Their Petty Cash Fund on A Monthly Basis (Low Risk)

The Clark County Fire Department did not reconcile their petty cash account in October 2022, November 2022, December 2022 and February 2023. This was due to staff turnover and the onboarding of new staff.

The Department maintains a \$5,000 petty cash fund to provide cash for purchases in cases of deployments to national emergencies. Activity on the account is contingent on the disaster team being deployed. During non-deployment, there is generally no activity in the account.

Clark County Fiscal Directive number 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. Further, this account does not have routine activity.

Recommendation

- 1.1 Clark County Fire Department should perform monthly reconciliations of their petty cash account and continue to onboard the new staff responsible for this function.

Management Response

- 2.1 Written management response was not obtained as the Fire Department indicated awareness of the requirement during our in-person cash count in March 2023. The Department will soon be filling the vacant position that reconciles this account. In the interim, management will be performing the monthly reconciliations.

Clark County Public Administrator's Office Interest Earnings Not Remitted (Low Risk)

We found that the Office of the Public Administrator did not remit the interest earnings from their imprest bank account to the County. These earnings are for the period of June 2021 through January 2023 and total \$11.32.

The Office of the Public Administrator maintains a \$1,000 imprest account for the purpose of paying miscellaneous decedent /estate expenses. This account usually is used during the early stages of investigating an estate. At this stage, estate funds may not be available or may be pending. When estate funds do become available, the account is reimbursed. If an estate is insolvent, then reimbursement is sought via a claim to County Finance. A third-party public accounting firm reconciles this bank account.

Fiscal Directive 16 requires that any interest earned is to be remitted at least annually to the Treasurer's Office.

We rated this a low risk finding as the interest earnings are minimal (\$11.32) and the Office identified the interest earnings as part of their reconciling items. We will confirm the remittance of the interest earnings during next year's audit.

Recommendation

2.1 Clark County Office of the Public Administrator should initiate a payment to Clark County for interest earnings. The Office should communicate with County Finance in advance to ensure proper receipt and recording of the interest earnings.

Management Response

2.1 Written management response was not obtained as the Public Administrator is aware of this fiscal requirement and relayed this understanding during an audit meeting in May 2023. However, the Office was unable to perform the task due to staff turnover. The Office is currently training new hires.

Finding 3 -District Court Slightly Untimely in Reconciling their Cash Accounts and Requesting Reimbursement (Low Risk)

The Eighth Judicial District Court did not reconcile their \$500 petty cash and \$50,000 Witness and Juror Legal Fees account between January 27, 2023 through March 27, 2023; a gap of 59 days.

We also found an expenditure out of the petty cash account for November 2022 was not reimbursed until May 2023 - a period longer than 30 days. Lastly, the Court had approximately 87 juror payment checks issued between November 16, 2022, and February 28, 2023, where reimbursement was not sought until April 6, 2023 - a period longer than 30 days.

Clark County Fiscal Directive number 16 requires monthly reconciliations and monthly petty cash expenditure reimbursement requests.

We rated this a low risk finding as cash on hand was fully accounted for in the proceeding months. The Court is aware of the monthly reconciliation and reimbursement request requirement and has procedures in place. These procedures were not performed due to a new manager and several new staff during this period. We believe this was a minor oversight. *NOTE: the Court reconciled their other four accounts without any issues.*

Recommendation

3.1 The District Court should reconcile/count the \$50,000 imprest and \$500 petty cash funds every 30 days and request reimbursement for expenditures monthly. Continue to train new hires on this process, as needed.

Management Response

3.1 A written response was not obtained as the Court is aware of the requirement and indicated that they have a new manager and several new staff. The Court indicated that processes have been implemented for monthly counts.

Appendix A: Audit Scope and Methodology

Scope

Our procedures considered the period of July 1, 2022, through June 30, 2023. The last day of fieldwork was June 28, 2023.

Methodology

To accomplish our objectives, we performed the following testing procedures:

- Judgmentally selected the following departments to perform in-person counts of petty cash and change bank funds:
 - Assessor's Office
 - Clark County Fire Department
 - Henderson Constable's Office
 - Las Vegas Constable's Office
 - Las Vegas Justice Court
 - Department of Public Works
- Reviewed the various Board resolutions establishing each imprest and selected petty cash / change fund to identify the amount of the fund and requirements for managing the funds;
- For each imprest account, we reviewed three judgmentally selected departmental prepared reconciliations and supporting schedules, to determine whether reconciliations are performed at least monthly and account balances agree with our records;
- For each imprest account, we reperformed a single month's reconciliation to verify the accuracy of the department's work;
- For each imprest account, we judgmentally selected one month of expenditures and determined whether:
 - Expenditure was business appropriate;
 - Expenditure was supported with original receipts; and
 - Request for reimbursement was done within 30 days.
- For selected petty cash and change funds, we reviewed three judgmentally selected cash reconciliations to verify funds were reconciled in a timely manner 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.

- Agreed¹ the general ledger account balances to the Comptroller's Quarterly Schedule of Funds in Custody of Other Departments and department affirmed balances.

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

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.

¹ We used our in-person count affirmations for selected cash accounts or the imprest account reconciliations or in the case where a cash account was not selected, we used our most recent record from the prior year.