



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *July 16, 2024*

DATE: June 10, 2024

TO: Board of County Commissioners

FROM: Katelyn Kleidosty, Internal Audit Manager
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THROUGH: Abbe Yacoben, Chief Financial Officer

SUBJECT: Recommendation to acknowledge receipt of the completed audit for the Washoe County Sheriff's Office Fees from the Internal Audit Division. The purpose of this audit was to provide assurance that the risk and all areas of improvement are identified; provide assurance there are effective and efficient internal controls; and provide recommendations to improve the control environment. Finance. (All Commission Districts.) FOR POSSIBLE ACTION

SUMMARY

The Washoe County Sheriff's Office Fee audit was audited by the Internal Audit Division. The purpose of this audit was to provide assurance that the risk and all areas of improvement are identified; provide assurance there are effective and efficient internal controls; and provide recommendations to improve the control environment as scheduled by the Audit Committee and the Board of County Commissioners. The audit was presented to the Audit Committee at the June 2024 meeting.

Washoe County Strategic Objective supported by this item: Fiscal Sustainability

PREVIOUS ACTION

No previous action has been taken on this Board item.

BACKGROUND

The Washoe County Sheriff's Office Fees was selected for an audit during the fiscal year 2024 to be completed by the Internal Audit Division. The audit focus was to evaluate the processes and procedures for efficiency and effectiveness and to verify compliance with applicable regulatory requirements. While conducting audits, it is the responsibility of the Internal Audit Division to make any other recommendations based on the observations during fieldwork.

All recommendations included in the audit report have been accepted by the Washoe County Sheriff's Office and have been presented to the Audit Committee. Work is being

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completed to implement many of the recommendations and remedy the findings. Any recommendation which causes fiscal impact will be brought forth by the appropriate department during the normal budget request process and ultimately brought to the Board of County commissioners for approval.

Summary of findings:

- It was noted that manual data entry into a software system allows for greater clerical error, opportunity for theft, and decreased efficiency.
- It was noted that if a single person can override a change without the involvement of another person, it allows the single person to change fees after the transaction has been completed. This gives opportunity for theft and fraud.
- It was noted Washoe County Code (WCC) 15.190 requires bank deposits be deposited daily. A discussion with County staff and a review of the bank deposit logs disclosed that deposits occur approximately twice weekly.
- It was noted a review of the cash desk entries and associated journal entries noted no supporting documentation was uploaded to support the entry. An additional request to the department would be required to obtain the information.
- It was noted through a discussion with County staff disclosed there is no reconciliation being performed between the source documents (cash desk sheets), bank reconciliation (bank statements), and the journal entry.
- It was noted that based on the Internal Audit Division observations, interviews and consultation of the Class Specifications provided by Human Resources, it appears that the fingerprinting billing is beyond the scope of the duties expected of a Senior Office Specialist (SOS).
- It was noted there were instances of more than three business days between the date the money was received and the date the money was processed.
- It was noted there were a few instances where the Excel spreadsheets were not completed and missing information. However, the information could be obtained from another report.
- It was noted there were several instances where two people did not verify the drawer count sheets.
- It was noted that if a single person can override a change without the involvement of another person, it allows the single person to change fees after the transaction has been completed. This gives opportunity for theft and fraud.
- It was noted that if multiple people are sharing a cash drawer during a single shift, it does not allow the division to assign responsibility to an individual which increases the exposure for theft or mishandling of funds and compromises the audit trail.
- It was noted that ten (10) out of the ninety (90) test dates noted that there were not two verifiers of the cash on the daily receipt log.
- It was noted that fifty-three (53) percent of the test dates examined noted greater than four (4) days from cash received to date deposited.
- It was noted that there is no current written policy or procedure on how to handle refunds for weekender fees.
- It was noted that the following errors were discovered during the testing phase of the Weekender Fee audit:
 - Inmate 1: A review of the court documentation sentenced the inmate to 90 days with credit time served 2 days, bringing the sentence to a total of 88

days. No amendments to the sentence were noted in the Tiburon system. The total calculated by the internal auditors for the stay was \$2,200. According to the Tiburon system, the inmate started serving on 2/5/2022 and ended the sentence on 6/10/2023. However, the spreadsheet maintained by the WCSO fiscal department noted that the inmate started serving on 5/5/2022 with 60 days to be served for a total of \$1,500. The inmate actually paid \$1,700, which matches the SAP journal entries. Internal auditors were not able to determine the actual length of sentence to be served, nor the appropriate amount to be collected or refunded.

- Inmate 2: A review of the court documentation disclosed that the inmate was sentenced to 30 days with credit time served 3 days, bringing the sentence total to 27 days with a cost of \$675. The inmate paid \$300 and has a remaining balance of \$375. With approval from the court, per NRS 211.350, this amount should have been forwarded to the Comptroller's Office – Collections Division to attempt to collect.
- Inmate 3: A review of the court documentation disclosed that the inmate was sentenced to 9 days with a cost of \$225. The inmate paid \$50 and has a remaining balance of \$175. With approval from the court, per NRS 211.350, this amount should have been forwarded to the Comptroller's Office – Collections Division to attempt to collect.
- Inmate 5: A review of the court documentation disclosed that the inmate was sentenced to 3 days with a cost of \$75. The inmate paid \$90 and is owed \$15 for overpayment. There is a note on the spreadsheet stating the refund was issued on 12/6/2022, but there is no evidence of the refund. Internal auditors were not able to determine if this amount was refunded.
- Inmate 6: A review of the court documentation disclosed that the inmate was sentenced to 14 days with a cost of \$350. The inmate paid \$0 and has a remaining balance of \$350. With approval from the court, per NRS 211.350, this amount should have been forwarded to the Comptroller's Office – Collections Division to attempt to collect.
- Inmate 7: A review of the court documentation disclosed that the inmate was sentenced to 8 days with a cost of \$200. The inmate paid \$0 and has a remaining balance of \$200. With approval from the court, per NRS 211.350, this amount should have been forwarded to the Comptroller's Office – Collections Division to attempt to collect.
- Inmate 8: A review of the court documentation disclosed that the inmate was sentenced to 20 days with a cost of \$500. The inmate paid \$500. However, the payments traced to the SAP journal entries with the exception of \$50. The internal auditors were not able to determine if the amount was booked in SAP.
- Inmate 9: A review of the court documentation disclosed that the inmate was sentenced to 10 days with a cost of \$250. However, the inmate only served 6 days with a cost of \$150. The inmate paid \$174. The internal auditors were not able to determine if there was an amendment to the court case or if credit time served was issued and not updated in the system. If the inmate was only supposed to serve 6 days, the inmate overpaid by \$24 but there is no evidence of the refund. Internal auditors were not able to determine if this amount was refunded.

- Inmate 10: The spreadsheet utilized by the WCSO fiscal department to track weekender inmates was not completed. The current County staff had to recreate the documentation from the information provided in Tiburon. No exceptions in payment were noted upon review.
- It was noted that through a review of the journal entries in SAP noted inconsistencies in labeling or describing the entry. One entry was combined with three (3) different inmates.
- It was noted that through a discussion with County staff disclosed that the Inmate Contract, specifically for weekenders, is no longer being provided on a consistent basis resulting in additional staff time to determine the correct sentencing and billing.
- It was noted that to ensure the County is operating on a modified accrual basis of accounting, follow the matching principle by entering the June payment into the appropriate fiscal year (i.e. June 2023 should be booked in fiscal year 2023). If there are questions regarding booking entries, consult the Comptroller's Office.

Summary of recommendations:

- Implement a computerized system, where fees are automatically populating; prohibit OS from being able to adjust fees without the involvement other another person; and increase efficiency by setting up the system to automate.
- Implement a system that would require one person to initiate the change (Office Specialist) and a second person approve the change (Administrative Supervisor – Records).
- Implement procedures to be in compliance with WCC 15.190. Work with the Washoe County Treasurer's Office for an exception to this WCC to ensure compliance.
- Upload supporting documentation for the cash desk entries and associated journal entries. As such, a three-way reconciliation can be performed between the source documents, the bank reconciliation, and the journal entry.
- Process the money within the next business day to ensure all items are reconciled and issues can be corrected in a timely manner.
- The WCSO fiscal department review the detailed findings provided by the Internal Audit Division to correct overpayments, collections, and other errors.
- The Internal Audit Division recommends reimplementing the contract as it will reduce the amount of confusion for sentencing and billing.
- The Fiscal Compliance Officer or Fiscal Manager perform a monthly, quarterly, or annual reconciliation to determine the amounts served, charged, collected, and entered in SAP reconcile appropriately and adequate documentation is maintained.
- To ensure the County is operating on an accrual basis of accounting, follow the matching principle by entering the June payment into the appropriate fiscal year (i.e. June 2023 should be booked in fiscal year 2023). If there are questions regarding booking entries, consult the Comptroller's Office.

- According to the ordinance, the administration and oversight of the CryWolf False Alarm Program should be performed by the WCSO. As such, it is recommended that WCSO reinstate responsibility.
- Adhere to the record retention policy established by the Nevada State Library, Archives, and Public Records and any applicable Nevada Revised Statutes.
- Update manuals and/or policy and procedure handbooks to allow for smoother transitions and adequate completion of a job if someone is on vacation, no longer employed by the County, or working on another assignment.

FISCAL IMPACT

No fiscal impact. However, the implementation of some recommendations may have fiscal impact and those will be presented by the department as recommendations are executed.

RECOMMENDATION

Recommendation to acknowledge receipt of the completed audit for the Washoe County Sheriff's Office Fees from the Internal Audit Division. (All Commission Districts.) FOR POSSIBLE ACTION

POSSIBLE MOTION

Should the Board of County Commissioners acknowledge receipt of this audit report, a possible motion would be:

Move to acknowledge receipt of the completed audit for the Washoe County Sheriff's Office fees from the Internal Audit Division.

Attachments:

BCC 7-16-24 WCSO Fee Audit Report