Agenda Item No.: **6.**

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 22, 2010

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING ☐**Consent** ☒ **Discussion**

SUBJECT:
Discussion and possible action on Procedures Performed Minimum Accounting Standards Checklist For Nevada Courts (1103-0910-09)

Fiscal Impact
☐ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**
Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
Procedures Performed – Minimum Accounting Standards Checklist For Nevada Courts (1103-0910-09).

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
1. Procedures Performed Minimum Accounting Standards Checklist for Nevada Courts (1103-0910-09)
2. Submitted at Meeting PowerPoint Slides 9 through 17 by Staff

Motion made by LOIS TARKANIAN to Accept the report

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1
STEVE WOLFSON, PAUL WORKMAN, MICHAEL W. KERN, LOIS TARKANIAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-JOSE TRONCOSO)

Minutes:
Referring to Slides 9 through 17, Bryan Smith, Lead Auditor, gave his report on Procedures Performed - Minimum Accounting Standards (MAS) Checklist for Nevada Courts. Pam Jefferson, Administrative Services Manager, and Rhonda Ruby, Budget Analyst, Municipal Court were both present to address any questions.

Member Workman asked why our procedures do not include detailed transaction or systems testing. City Auditor Snelding responded that this was not a customary audit; to conduct a true performance audit of the entire Municipal Court department would be extremely time consuming. He stated that the Audit Team reviewed the MAS Checklist and operational documentation and also conducted numerous interviews, during the three month study to ensure that Municipal Court was in compliance. Court Management has responded to the areas of non-compliance and these will be addressed in the new case management system.

Member Wolfson asked City Manager Fretwell about the status of a concept that he introduced previously wherein officers issuing traffic citations would collect those fines at the time of the offense. He added that he has since learned that this practice is being conducted in other states and wondered if this is the appropriate forum to bring this request for review forward.

After a brief discussion, it was decided that the appropriate group to conduct this study would be the City Manager's Office, with Audit becoming involved only if there are questions as to policy adherence. Member Wolfson commented that it doesn't matter to him who conducts the study, he just wants the data to be collected to see if this is a viable possibility.

Chairman Kern stated that certain deficiencies were identified previously, for instance there is still the appearance that cash is being handled incorrectly. Auditor Smith responded that he would not agree with that judgment based on their current findings. There are five recommendations that are outstanding from the 1999 MAS Checklist Audit. However, with the implementation of the new system, many if not all of those have been or will be resolved in the near future. Auditor Smith added that the City of Las Vegas Municipal Court is one of the best run courts in the state and has an outstanding reputation. The former MAS system that was implemented back in 1987 was never intended to be an accounting system; it was merely a transaction processing system.

Chairman Kern inquired about the reporting requirements associated with the IRS Form 8300 entitled (Report of Cash Payments over $10,000.00 Received in a Trade or Business). Auditor Snelding presented additional slides and handouts to clarify reporting requirements for the Courts. Based on the nature of offenses that Municipal Court deals with and the minimal bail amounts related to those offenses, it would be a very rare occurrence that they would receive cash as bail in an amount exceeding $10,000.00 at Detention and Enforcement. Although most Municipal Courts may never receive bail greater than that dollar amount, it is important to develop policies and procedures for Detention and Enforcement to follow since they accept bail on behalf of the court. IRS Form 8300 must be completed if this minimum dollar amount is received.

It was noted that with the new case management system they do have the ability to track those types of transactions. They are able to identify any cash transactions that may occur within a 24 hour period that would accumulate to $10,000.00. If that dollar amount were met then as part of their audit they would follow up to ensure that IRS Form 8300 is completed. Chairman Kern asked if the Federal Government can impose penalties on the City for not submitting this form, Auditor Snelding confirmed that yes they can. Court Management reiterated that with the new system they will be able to track large transactions to ensure compliance with the IRS reporting requirements.