



Cash Handling Process

January 2024

CARSON CITY, NV

Submitted By:

Eide Bailly LLP

TABLE OF CONTENTS

Executive Summary 3

Background Information 3

Objective & Scope 4

Methodology 4

Results and Conclusion..... 5

FINDING #1: Repeat Findings in the Treasurer’s Office Surprise Cash Audits 5

RECOMMENDATION for Finding #1 6

FINDING #2: Public Guardian Policies and Procedures 7

RECOMMENDATION for Finding #2 7

APPENDIX A 10



Executive Summary

Eide Bailly LLP (“We”, “Our”, or “Us”) performed a review of Carson City’s (“City”) Cash Handling Process within the Treasurer’s Office (“Treasurer”) and the Carson City Public Guardian (“CCPG”, “Public Guardian”) to evaluate associated processes and controls. Our engagement identified two (2) findings. These findings provide opportunities for improvement to enhance the existing cash handling process, and opportunities to help address control gaps where necessary.

As part of the FY23/24 Risk Assessment Report, the major functional areas of City operations were re-evaluated to determine if there were significant changes that would impact the risk evaluation from the previous fiscal year and Cash Handling was identified as one of the potential audit areas. This engagement focused on determining whether risks related to cash handling are being managed appropriately, that internal controls are in place to reduce the risk of misappropriation, and cash receipts are promptly, accurately, and completely reported. Internal controls include safeguarding assets, segregation of duties, accountability reconciliations, and monitoring.

We greatly appreciate and thank the input of the Treasurer, the Chief Deputy Treasurer, and the Public Guardian who contributed to enhancing our understanding of the cash handling process.

Background Information

Carson City collects, accounts for, and manages public funds such as cash and cash equivalents. Overseen by the Treasurer’s Office, the cash handling and cash management process encompasses the authority, recordkeeping, custody, and reconciliation of cash transactions. Although primarily administered through the Treasurer’s Office, certain departments have established internal cashing functions. The **Cash Handling Policy** issued by the Treasurer’s Office sets the standards and provides guidelines for cash handling processes across City departments. The **Cash Handling Policy** was recently updated and is accessible on Policy Tech, the City’s policy management system. Additionally, the Treasurer’s Office provides training to the City’s various departments that collect payments and fees from the public, and oversees each department’s compliance to the policy. Employees who are assigned cash handling and cash management duties are required to review the policy and complete training before performing their responsibilities.

The Treasurer’s Office conducts surprise cash audits in accordance with the City’s **Cash Handling Policy**. The surprise cash audits are performed annually on City departments responsible for maintaining and/or accepting funds. In addition to serving as a crucial internal control measure and ensuring adherence to the policy, these surprise audits enable the Treasurer’s Office to identify any deficiencies or peculiarities in cash handling processes. They also help identify irregularities or concerns specific to certain departments and determine whether any department or employees require additional training.

The Carson City Public Guardian, or CCPG, is not included in the surprise cash audits conducted by the Treasurer’s Office. CCPG’s responsibilities do not involve managing public funds or collecting revenue for the City; rather, they oversee multiple bank accounts for individuals under their guardianship. CCPG is appointed by the court to serve as the guardian for vulnerable adults aged 18 or older who are unable to manage their personal and/or financial affairs. This role involves coordinating services, providing informed consent, and safeguarding, preserving, and managing the assets of the protected individuals. CCPG acts as the guardian of last resort in the absence of family, friends, or other appropriate person to perform the duties as a guardian. CCPG exclusively acts as a guardian for individuals who qualify as a current resident of Carson City, and falls within the scope of Nevada Revised Statute (NRS) 253.200¹ which outlines the qualifications for whom the public guardian

¹ <https://www.leg.state.nv.us/nrs/NRS-253.html>

of the county may be appointed. CCPG also works with the Rural Regional Center (RRC) on case management for specific individuals². CCPG currently oversees the guardianship of 61 individuals, of which 13 out of the 61 are RRC cases.

CCPG has a fiduciary responsibility to the court, beneficiaries, and the public, ensuring proper stewardship of funds of individuals unable to manage their financial affairs. This involves responsible handling funds and assets on behalf of vulnerable individuals under guardianship. Including CCPG in this engagement enhances transparency by reviewing and validating financial processes, thereby reinforcing accountability and maintaining public confidence in the guardianship system. As such, the inclusion of CCPG as part of this engagement is essential from a reputational standpoint for the City.

Objective & Scope

The objective of the engagement was to determine whether risks related to cash handling are being managed appropriately, that internal controls are in place to reduce the risk of misappropriation, and cash receipts are promptly, accurately, and completely reported. Internal controls include safeguarding assets, segregation of duties, accountability, reconciliations, and monitoring.

Cash Handling in this context is the receipting of money for City services. This includes checks, money orders, credit cards, and cash.

The scope of this engagement was for January 2023 through December 2023.

Our engagement was performed in accordance with the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (AICPA).

Methodology

Based on the above objectives, we performed procedures including but not limited to the following:

1. Obtained and reviewed the City's **Cash Handling Policy**.
2. Obtained and reviewed the City's most recent organizational chart for roles and responsibilities.
3. Obtained and reviewed the City's prior **Cash Handling Internal Audit Report** to verify the implementation of corrective actions.
4. Judgmentally selected departments to include in the engagement based on risk.
5. Performed walkthroughs and conducted interviews of selected department personnel and key staff to assess internal controls and processes over cash handling activities.

Key Personnel Interviewed:

- Treasurer
- Chief Deputy Treasurer
- Public Guardian
- Deputy Public Guardian

² For RRC clients, Group Home providers assume the role of Representative Payee for the protected person. CCPG extends case management services, participating in Quarterly Care Conferences, conducting home visits, authorizing consents for treatment, overseeing information release disclosures, managing placements, handling financial services and fulfilling reporting obligations to the Courts, such as the Report of Guardian, Inventory, and Accounting reports.

6. Reviewed the Treasurer’s Office Surprise Cash Audit Report and determined whether City departments follows the City’s Cash Handling Policy.
7. Reviewed the Treasurer’s Office cash balance reconciliation and reconciling items spreadsheet. Verified that reconciliations are performed regularly, differences are investigated and resolved promptly, and adjustments are properly documented.
8. Reconciled the Treasurer’s Office cash balance record to the bank statements.
9. Judgmentally selected 1 calendar day for each month from January through October of 2023 and traced the total amount deposited to the transaction detail to ensure completeness and accuracy.
10. Obtained and reviewed the Public Guardian’s policies and procedures.
11. Obtained and reviewed the Public Guardian’s list of protected persons and examined whether guardianship accounts were established in a timely manner.
12. Judgmentally selected 5 guardianship accounts and examined transactions, reconciliation reports, and bank statements. Verified that transactions have proper documentation and are recorded accurately and timely.

Results and Conclusion

Based on the procedures performed during this assessment, we determined that the risks related to cash handling are being managed appropriately, that internal controls are in place to reduce the risk of misappropriation, and cash receipts are promptly, accurately, and completely reported. Although controls exist over the cash handling processes, we identified opportunities where these controls could be strengthened. We have identified two (2) findings and provided recommendations to address the findings noted below.

We greatly appreciate and thank the input of all individuals who contributed to enhancing our understanding of the cash handling process as well as helping us identify opportunities for improvement. Special acknowledgement goes to the Treasurer, the Chief Deputy Treasurer, and the Public Guardian whose openness and transparency with the Internal Audit team facilitated a constructive exchange of information. This collaboration proved instrumental in identifying areas of opportunity and strengthening existing controls. We are confident that addressing the findings and implementing the recommendations outlined in this report will significantly contribute to strengthening the overall control environment for the City’s cash handling process.

FINDING #1: Repeat Findings in the Treasurer’s Office Surprise Cash Audits

We reviewed the Treasurer’s Office **2022 Surprise Cash Audits Report and Summary of Findings** and the results of the 2023 Surprise Cash Audits. During our review, we identified nine (9) issues from six (6) departments that remain unresolved when the 2023 surprise cash audit was performed, see details below:

1. Fire Department
 - Safe should be properly secured or affixed to the ground.
 - Account information should be redacted before storing digital copies of checks.
2. Health and Human Services
 - Bills larger than \$20 or any other bills that look suspicious, regardless of denomination, should be inspected with a counterfeit detection pen.
 - Account information should be redacted before storing digital copies of checks.
3. Juvenile Court
 - Deposits should be stored in a secured safe for overnight storage.
4. Landfill

- Each employee should have their own cash drawer, or the department should request for an exception to the policy for a shared drawer.
 - Cash overages and leftover change must either be receipted each shift or tracked and deposited monthly.
5. Library
- All staff must review the cash handling policy and have cash handling training within 90 days of hire.
6. Permit Center
- All staff must review the cash handling policy and have cash handling training within 90 days of hire.

The continued existence of unresolved findings poses a risk of errors and inaccuracies in the City's cash handling and reconciliation processes. Failure to address these issues in a timely manner may lead to increased risks in cash management.

RECOMMENDATION for Finding #1

At present, the Treasurer's Office works with the City department heads to address and correct identified issues and continued findings, aiming to improve cash handling processes to better align with the **Cash Handling Policy**. Additionally, the Treasurer's Office has been working diligently to notify City departments to review the updated **Cash Handling Policy**, which was recently expanded from 7 pages to 18 pages. To further strengthen internal controls, we recommend that the Treasurer's Office establish a clear timeline for implementing corrective actions. Regular monitoring of progress, identification of potential obstacles, and adjustments as needed should be integrated into the process.

Management Response:

*Management agrees with the recommendation. Moving forward, the Treasurer's Office will be coordinating with the department heads to set timelines for implementing corrective action/s within sixty (60) days following the completion of the cash audits. Please refer to **Appendix A** for the Treasurer's comprehensive plan to address the issues identified in Finding #1.*

FINDING #2: Public Guardian Policies and Procedures

Carson City’s Public Guardian Office has documented policies and procedures to help guide the guardianship process. However, the existing policies and procedures are outdated and have not undergone any recent updates. The absence of timely revisions in policies and procedures increases the risk of errors in the handling of financial transactions and/or documentation, potential misappropriation, or unauthorized access to sensitive information. Additionally, outdated policies and procedures may lead to non-compliance with current legal and regulatory legal requirements.

During our review, we noted a check dated March 6, 2023, which was not deposited until July 17, 2023. The check was stored either in the former Public Guardian’s cabinet, which has a locked safe, or with the client’s file stored in an unlocked cabinet. Delayed check deposits increases the risk of misplacement, damage, or theft, and increases the risk for fraudulent activities. Additionally, we identified a lack of specific guidelines in the policies and procedures related to the pooled guardianship account³ and the management of Achieving a Better Life Experience (ABLE)⁴ accounts.

RECOMMENDATION for Finding #2

CCPG is actively engaged in collaborative efforts with neighboring Public Guardian offices to contribute to the development of new policies and enhancements to existing ones. In light of this collaboration, we recommend the inclusion of the following updates to the current policies of the Public Guardian’s office:

- I. Implementation of a timeline for depositing checks to either the pooled guardianship account or to the client’s guardianship account. Additionally, the establishment of clear and secure custody measures for checks received to prevent loss, theft, or unauthorized access.
- II. Documentation of procedures for reconciling the pooled guardianship account to ensure that each individual’s assets are accurately tracked and managed.
- III. Documentation of procedures for the management of Achieving a Better Life Experience (ABLE) accounts to ensure that the accounts are managed effectively and in compliance with relevant laws and regulations.

Management Response:

- I. ***Implementation of a timeline for depositing checks to either the pooled guardianship account or to the client’s guardianship account. Additionally, the establishment of clear and secure custody measures for checks received to prevent loss, theft, or unauthorized access.***

The Public Guardian will devise a policy within 3 months to describe procedures for secure custody measures for checks to include who is responsible for securing a check, documenting receipt of check, timeframe for the depositing of income/refund checks, and the location to store checks until they can be deposited.

³ The pooled guardianship account is utilized for protected individuals receiving minimal social security benefits, ensuring they are not adversely affected by bank checking fees.

⁴ ABLE accounts are specialized savings accounts designed to help individuals with disabilities save and invest money without jeopardizing their eligibility for certain government benefits, such as Supplemental Security Income (SSI) and Medicaid.

The CCPG intermittently receives checks for protected persons mostly from Social Security, Pension Benefits, and/or from facilities for rent overpayment and refunds for resident trust fund accounts.

When the CCPG is first appointed to a case, we will receive a hard copy check from a protected persons income source, typically Social Security and/or Pension Benefits. The income check is used to open an individual guardianship account for the protected person. Most financial institutions require an appointment to open a guardianship account as only certain banking representatives are trained to open these types of accounts. After the guardianship account is established, we submit a direct deposit request to the income entity to switch from a hard copy check to an electronic deposit of the funds.

Facility rent overpayments and/or resident trust fund refund checks are received when a protected person passes. If a protected person's financial account is unblocked the check can be deposited within 5 business days depending on Public Guardian staffing schedules and availability to make the deposit. If, however, the financial institution has blocked the protected person's account, we can only transact on the account when the financial institution lifts the blocked status. This requires securing necessary documents such as a death certificate and scheduling an appointment with a banking representative from the financial institution. In some cases, appointments may take several weeks to secure depending on banking representatives schedule and availability.

The CCPG has a locked filing cabinet to secure checks awaiting deposit. Currently, the Public Guardian's Office attempts to deposit checks within 5 business days, if feasible. Access to the cabinet is restricted to Public Guardian Staff; Public Guardian, Deputy Public Guardian, Accounting Clerk and a part-time Clerical Support position. The CCPG has operational limitations with limited staff who can make bank deposits at various financial institutions. Typically, this responsibility would befall the Accounting Clerk position.

II. Documentation of procedures for reconciling the pooled guardianship account to ensure that each individual's assets are accurately tracked and managed.

The CCPG has already begun the process of outlining step by step procedures on how to reconcile the pooled account. Although, the intent is to close the pooled account in the near future, the completing of the policy within 3 months will be devised by the Public Guardian.

The pooled guardianship account was traditionally utilized for protected persons who had limited income, such as Supplemental Security Income and could not afford monthly checking fees which would reduce the amount of his or her personal needs allowance each month. This past year, the CCPG located a financial institution who offered free checking with no fees or minimums. We opened individual guardianship accounts for most individuals who previously had funds in the pooled guardianship account. The intent in the next year, is to liquidate the pooled account in its' entirety by transferring the remaining funds into individual guardianship accounts (where applicable) or finalizing the estates of deceased clients whose funds exist in the account but who have impending final court accountings and settling of estates.

Currently, the pooled guardianship account is reconciled on a quarterly basis for the City's Finance Department. The CCPG reconciles the account monthly and then

generates quarterly reports for Finance that include income and expense data in the form of Detail and Summary Reports.

III. Documentation of procedures for the management of Achieving a Better Life Experience (ABLE) accounts to ensure that the accounts are managed effectively and in compliance with relevant laws and regulations.

The Public Guardian will establish a policy within 3 months that describes who is eligible for an ABLE account, when it is appropriate to open an ABLE account for a protected person, how to monitor the investment, a listing of qualified disability expenses, how to make a withdrawal from the account, and to whom the account information must be reported to (Medicaid).

The CCPG has approximately 6 protected persons with ABLE Nevada accounts. ABLE accounts provide individuals with disabilities the ability to save and to maintain eligibility for certain assistance programs including Medicaid.

An individual can only contribute up to \$18,000 into his or her ABLE Nevada account annually and have an account balance maximum of \$370,000. ABLE accounts established by a Public Guardian are only allowed a conservative investment option. At present, none of the CCPG's protected persons have ABLE accounts valued at more than \$15,000 and it is not projected that they will have regular contributions as his or her annual income does not exceed their expenses on a given year. The CCPG reports the opening of an ABLE account on behalf of a protected person annually as part of the Medicaid redetermination process.

The CCPG receives periodic and annual investment summaries of an ABLE account. Withdrawals from the account can be made for qualified disability expenses including education, housing, transportation, health and wellness, and funeral and burial expenses. The CCPG has not had to withdraw funds from an ABLE account to pay for a qualified disability expense. Often, protected persons with ABLE accounts are afforded one-time payment for expenses through services provided by the State.

APPENDIX A

The Treasurer's Office provided a detailed response to the issues noted in Finding #1. See below for the Treasurer's Office remediation plan.

March 15, 2024

Catherine Villamar, Associate
Eide Bailly, LLP
5441 Kietzke Lane, Suite 150
Reno, Nevada 89511-2094
Sent via e-mail: cvillamar@eidebailly.com

Dear Ms. Villamar,

Please accept this letter as the response from the Carson City Treasurer's Office to Eide Bailly's recent report dated January 2024 for the summary of findings for Carson City's cash handling procedures. As noted in your report of findings, the Carson City Treasurer's Office (CCTO) has oversight of the way in which Carson City government offices collect, account for, and manage funds collected from the public. The collection of these funds comes from the variety of services provided by Carson City such as:

- Fees and assessments collected by the various offices of Carson City's court system:
 - Alternative Sentencing
 - District Court
 - Fines and Fees
 - Justice Court
 - Juvenile Court
- Landfill fees and charges
- The Parks, Recreation, and Open Spaces Department
- The Clerk-Recorder's Office
 - Marriage
 - Elections

To provide a more uniform and standardized collection and management system, the CCTO has created a cash handling policy that provides guidance and direction to the various City offices and staff members involved with the collection of revenue from the public. While the cash handling policy does not provide an all-inclusive answer for City staff members in handling every situation or nuance, they may encounter, it does provide them with an indexed and summarized reference that addresses many of the important daily cash handling procedures and considerations that City staff members will encounter on a frequent basis, which in turn cover the general principles associated with proper cash handling, accountability, and safety. For those unique situations or outliers, the Cash Handling Policy does allow offices to address these needs or concerns at the office/department level, and instructs them to submit the appropriate request to the CCTO for review and consideration on why that office requires an exemption from the Cash Handling Policy. The exemption waiver further requires the office/department submitting the request to describe what steps it will take to implement the proper controls to ensure accountability of City revenue and control procedures as well employee safety. (Please see page 18 of the Cash Handling Policy.)

To identify any areas where an individual office or the City as a whole may need to address any areas that are or could become susceptible to fraud, loss, errors, improper accountability and reporting, and concerns to employee safety, the CCTO conducts unannounced or surprise cash audits of each of the City offices that accept and process cash payments from the public. For the purposes of this letter, and in line with the City's current Cash Handling Policy, cash refers to:

- coin
- currency
- checks
- money orders
- both credit card and debit card transactions

For example, during the surprise cash handling audit conducted in 2022, the CCTO identified several areas where the Cash Handling Policy in effect at that time proved outdated and in need of review and expansion to cover areas which were vague or not covered by the Cash Handling Policy at that time. For example, while the Cash Handling Policy in effect at that time advised City staff members to inspect all U.S. currency bills larger than \$20 for signs of counterfeit, the policy did not provide City staff with techniques and information to use in recognizing a possible counterfeit bill aside from using a counterfeit bill pen or a cash counting device equipped with magnetic ink detectors use in identifying suspected counterfeit bill. While counterfeit detection pens and money counters are great tools, counterfeit detection pens become ineffective with age and not all City offices have bill counting devices with magnetic ink detectors since these devices can run upwards of \$1,500 or more per unit. Moreover, the previous cash handling policy didn't provide direction to City staff on what to do *if* they do encounter a suspected counterfeit bill, such as:

- The need to secure the suspected bill for transfer to the Carson City Sheriff's Office as evidence;
- Advising the customer that the bill he/she provided for payment is counterfeit, and because of this, the staff member can't return it to the customer (since it is illegal under state and federal law to utter or pass counterfeit currency);
- Explaining to the customer that the staff member can't exchange the suspected counterfeit bill for a legitimate bill;
- The need to contact the Carson City Sheriff's Office (CCSO) about the incident and what information to provide to a CCSO deputy in a witness statement;

To help remedy this area of concern, the CCTO not only addressed this matter in the most recent update to the Cash Handling Policy, but further developed a training presentation for City staff on six techniques to use when attempting to identify a counterfeit bill. The CCTO has made this training presentation available for all City staff on the website for the Treasurer's Office: <https://www.carson.org/home/showpublisheddocument/87214/638314870910470000>.

During the surprise cash handling audits conducted by the staff of the CCTO in 2023, we identified areas in which the cash handling practices by some City offices did not align with the current Cash Handling Policy, which the CCTO revised and implemented on Tuesday, 10/3/23. As noted in Eide Bailly's review and audit of the cash handling process for Carson City, the report of findings reflects nine areas where individual offices and the CCTO can strengthen the current processes to enhance the collection and management of revenue collected by six offices. The following chart consolidates these nine areas into six categories since some of these nine issues involved more than one office:

CARSON CITY: CASH HANDLING

ISSUE	POLICY CORRECTION	DEPARTMENT
#1	Policy #2.6 use of secured safe	-Carson City Fire Department -Carson City Juvenile Court
#2	Policy #5.17 redaction of account information on checks	-Carson City Fire Department -Carson Health and Human Services
#3	Policy #3.1 inspect bills larger than \$20 for suspected counterfeit	-Carson Health and Human Services ⁵
#4	Policy #2.5 separate cash drawer for each employee (working the scalehouse)	-Carson City Landfill (scalehouse)
#5	Policy #7.5 secure and receipt cash overages daily	-Carson City Landfill (scalehouse)
#6	Policy #8.1 (new) employees to review Cash Handling Policy	-Carson City Library -Carson City Permit Center

In reviewing each of the findings, I contacted the respective department head or supervisor of each office; met with him/her to discuss the findings and their relations to the Cash Handling Policy; and how the CCTO and that office could remedy the finding to strengthen the City’s overall cash handling procedures. In the following, I address each of the six issues as described above and how the CCTO and the respective office will correct the action; who will be responsible for implementing the corrective action; and the due dates to implement the correct changes:

ISSUE #1: USE OF SECURED SAFE:

Departments/ offices involved:

- Carson City Fire Department
- Juvenile Court

CARSON CITY FIRE DEPARTMENT

What Will Be Implemented:

On Friday, 3/8/24, at approximately 3:15 p.m. I met with Mr. Dave Aurand, Department Business Manager for the Carson City Fire Department (CCFD), to discuss with him the issue involving the use of a secured safe. As a note, the Carson City Fire Department has been making

⁵ Section 3.1 of the current Cash Handling Policy in effect for Carson City requires that *employees must inspect all \$50 and \$100 bills, and any “suspicious” bills of any denomination with a counterfeit detection pen.* For purposes of this audit finding and response, I did address the need for HHS employees to inspect denominations of \$20 or larger since the term “inspection” does cover other means of identifying a suspected counterfeit bill regardless of the amount, such as: the appearance of the bill, the feel of the bill, or recognizing any distinctive features of the bill such as watermarks, security threads, and microprinting.

use of a safe in which to secure cash and checks, and this safe was the same safe which staff members from the CCTO had noted when they conducted their surprise cash handling audit of the CCFD on Thursday, 11/2/23. However, the safe which the CCFD has been using is not one which meets the specifications listed in Section 2.6 of the current Cash Handling Policy.

During the time that I met with Mr. Aurand, we reviewed the area of the CCFD to identify how the CCTO and the CCFD could implement a safe that meets the criteria set forth by Section 2.6 of the Cash Handling Policy. Both Mr. Aurand and I identified how the CCFD can meet compliance with the Cash Handling Policy as it relates to the safe it uses; however, for security reasons, I won't list the details since the required publication of this document could compromise the details of where and how the compliance with the Cash Handling Policy will take place.

In speaking about this issue, Mr. Aurand and I further noted that the implementation of a safe which meets the criteria set forth by the Cash Handling Policy would require the assistance of Carson City's Facilities Maintenance Division. Mr. Aurand explained that he had already reached out to Mr. Andy Biasotti with Carson City's Facilities Maintenance Division and was waiting for Mr. Biasotti to provide him with the information needed. On Saturday, 3/9/24, at approximately 6:11 p.m., I contacted Mr. Ron Reed, the Facilities Supervisor, and advised him of the details needed to implement a safe which meets the requirements of the current Cash Handling Policy. As of the date of this letter, I am still waiting information as to when Facilities Maintenance can have this safe permanently installed for the Carson City Fire Department.

Who Is Responsible:

- Dave Aurand, Department Business Manager, Carson City Fire Department
- Andrew Rasor, Treasurer, Carson City Treasurer's Office
- Ron Reed, Supervisor, Facilities Maintenance

Timeframe for Implementation:

Estimated by Friday, 6/29/24. This will allow Facilities Maintenance to purchase any supplies needed during the current fiscal year to conduct the proper installation of this safe by the end of the same fiscal year.

JUVENILE COURT

What Will Be Implemented:

On Friday 3/8/24, at approximately 10:10 a.m., I met with Mrs. Maribel Gutierrez, Juvenile Judicial Assistant for the Carson City Juvenile Court, to discuss the issue of utilizing a safe which complies with the requirement of Section 2.6 of the Cash Handling Policy. During the meeting, Mrs. Gutierrez advised me where staff of the Juvenile Court have been securing cash and checks. In discussing with Mrs. Gutierrez, the requirements of the Cash Handling Policy in securing cash and checks, along with reviewing the area of the Juvenile Court, I noted an area in which Facilities Maintenance could install a safe which would meet the requirements of the Cash Handling Policy; however, it would require the installation of safe by Carson City's Facilities Maintenance division. On Friday, 3/8/24, I submitted an email to Mr. Reed requesting the permanent installation of this safe for the Juvenile Court, and as of the date of this letter, I am still waiting information as to when Facilities Maintenance can have this safe permanently installed for the Juvenile Court office.

Who Is Responsible:

- Maribel Gutierrez, Juvenile Judicial Assistant, Juvenile Court

- Andrew Rasor, Treasurer, Carson City Treasurer's Office
- Ron Reed, Supervisor, Facilities Maintenance

Timeframe for Implementation:

Estimated by Friday, 6/29/24. This will allow Facilities Maintenance to purchase any supplies needed during the current fiscal year to conduct the proper installation of this safe by the end of the same fiscal year.

ISSUE #2: REDACTION OF ACCOUNT INFORMATION ON COPIES OF CHECKS:

Departments/ Offices involved:

- Carson City Fire Department
- Carson City Health and Human Services

CARSON CITY FIRE DEPARTMENT

What Will Be Implemented:

On Friday, 3/8/24, at approximately 3:15 p.m., during the same time that I met with Mr. Aurand to discuss with him the issue involving the use of a secured safe, I also spoke with him regarding the need for staff to redact all checking account and bank routing numbers on copies of customer checks which the CCFD needs to maintain, such as for medical billing. During that time, Mr. Aurand advised that when the CCTO conducted its surprise cash drawer audit—which took place on Thursday, 11/2/23—the CCTO informed his office of the need for the CCFD to redact checking account and bank routing numbers on any copies of customer checks needed for their files. Mr. Aurand advised that the CCFD has since done so from that date forward. As such, the CCFD has already corrected this issue and this matter requires no further action.

Who Is Responsible:

- Dave Aurand, Department Business Manager, Carson City Fire Department
- Andrew Rasor, Treasurer, Carson City Treasurer's Office

Timeframe for Implementation:

Effective Thursday, 11/2/23

CARSON CITY HEALTH AND HUMAN SERVICES

What Will Be Implemented:

On Tuesday, 3/5/24, at 11:10 a.m., I met with Dr. Jeanne Freeman, Deputy Director of the Carson City Health and Human Services Department, to discuss the audit findings regarding the redactions for copies of checks. During that time, I explained to Dr. Freeman the City's need to redact checking account and bank routing information on copies of customer checks, such as to protect against theft or data breach. In response, Dr. Freeman advised that the Carson City Health and Human Services Department would redact checking account and bank routing numbers on copies of customer checks from that date forward. Dr. Freeman confirmed that the Carson City Health and Human Services Department does need to maintain copies of checks received for payment from entities such as the State of Nevada, and this is required for such needs as billing purposes and medical insurance. Dr. Freeman also advised that when the Carson City Health and Human Services Department does have to send a digital file that involves a copy of a check, they do so through a secure portal.

Who Is Responsible:

- Dr. Jeanne Freeman, Deputy Director, Carson City Health and Human Services Department
- Andrew Rasor, Treasurer, Carson City Treasurer's Office

Timeframe for Implementation:

Effective immediately: Tuesday, 3/5/24

ISSUE #3: INSPECT BILLS LARGER THAN \$20 FOR SUSPECTED COUNTERFEIT

Department/ Office involved:

- Carson City Health and Human Services

CARSON CITY HEALTH AND HUMAN SERVICES

What Will Be Implemented:

On Tuesday, 3/5/24, at 11:10 a.m., during the same time that I met with Dr. Jeanne Freeman to discuss the audit findings regarding the redactions for copies of checks, she and I discussed the need to have staff members from the Health and Human Services Department inspect all cash bills in denominations of \$20 or larger. I further advised Dr. Freeman the City's Cash Handling Policy provided direction for Carson City staff of what to do when they come across suspected counterfeit currency, such as:

- how to identify a suspected counterfeit bill
- how to advise the customer about the suspected bill
- the need to contact the Carson City Sheriff's Office (CCSO) and the Treasurer's Office (CCTO)
- the details needed to complete an incident report for CCSO
- other considerations

I further explained to Dr. Freeman that I would send her the PowerPoint presentation on counterfeit currency awareness that the CCTO developed to assist City staff members, which is also available on the CCTO's website:

<https://www.carson.org/home/showpublisheddocument/87214/638314870910470000>.

Who Is Responsible:

- Dr. Jeanne Freeman, Deputy Director, Carson City Health and Human Services Department
- Andrew Rasor, Treasurer, Carson City Treasurer's Office

Timeframe for Implementation:

Effective immediately: Tuesday, 3/5/24

ISSUE #4: SEPARATE CASH DRAWER FOR EACH EMPLOYEE (WORKING THE SCALEHOUSE)

Departments/ Offices involved:

- Carson City Landfill (scalehouse)

CARSON CITY LANDFILL

On Tuesday, 3/5/24, I met with Mr. Rick Cooley, Deputy Director of the Carson City Public Works Department, whose area of responsibility also includes the operations for the Carson City Landfill. During that time, Deputy Director Cooley and I discussed the requirements of the Cash Handling Policy for each employee to have a separate cash drawer assigned to him/her and compared this against current design and operations of the Landfill scalehouse. Both Deputy Director Cooley and I noted that the current design and layout of the scalehouse does not allow for each employee working the scalehouse to have a separate cash drawer for himself/herself. The current design of the scalehouse allows two lanes of traffic to drive into the entrance of the Landfill and then merge into one lane that then accesses the scale that weighs the vehicle prior to entry inside the Landfill to dispose of trash or waste. Similarly, the outgoing lane of the

scalehouse, in which vehicles receive their final weight measurement, only allows one vehicle to access the scale at a time and then make payment at the scalehouse window similar to a regular restaurant “drive-thru” window. In both instances—for the incoming and outgoing lanes—the scalehouse is designed so that only one attendant using a computer terminal can provide service to only one incoming or outgoing customer at a time. In addition, the design of the scalehouse does not allow for additional computers or staff members to process more customers at one time since:

- the incoming and outgoing weight scales run parallel to the respective incoming and outgoing “drive-thru” windows only
- only one vehicle can be on the incoming or outgoing scale at one time

In discussing the system accountability currently in place at the scalehouse, Deputy Director Cooley informed me that although employees must use a shared cash drawer, each employee must login with his/her own user ID. As such the payment receipts provided to a customer list the employee who attended to that individual. Because of that, if Employee A, whose primary duty is as a scalehouse attendant, needs to take a required break, and the Landfill supervisor assigns Employee B, one of the heavy equipment operators, to provide the break relief, Employee A will logout of the computer system, and Employee B must login to access the system to assist customers. Deputy Director Cooley further informed me that the scalehouse has a surveillance camera system inside the building that captures both video and audio, and added that the surveillance system monitors the employee workstations for both the incoming and outgoing scales.

Because of this, the scalehouse has an added layer of accountability and security for those employees who must utilize the same cash drawer to provide assistance to customers using the Landfill. Based on the information which Deputy Director Cooley provided to me, along with my familiarity with the physical layout and design of the scalehouse, I believe that an exemption to the Cash Handling Policy qualifies for this situation as the supervisory staff of the Landfill have demonstrated that they have controls in place to:

- safeguard revenue
- promote accountability
- provide a layer of protection against fraud
- enhance employee safety

For these reasons, I have approved an exemption to the Cash Handling Policy for the Carson City Landfill scalehouse.

As an added note which I believe this letter should reflect, the scalehouse at the Carson City Landfill serves a large amount of customers during its normal hours of operation, and due to its nature, it has a dynamic different from other City offices. Like many City offices, the scalehouse assists many customers; however, most times, it only has two employees in the scalehouse working both the incoming and outgoing traffic lanes. Anyone who has had to go to the Carson City Landfill has most likely experienced long waits, especially on Saturdays and fair weather days, in which a vehicle can wait up to 20 minutes on busy dates before a scalehouse attendant can process the vehicle through the incoming scale for entry into the Landfill. Prior to the opening of the new scalehouse, traffic would back up from the old scalehouse and could extend past the turnoff for Eastgate Siding Road (V&T Railroad entrance), a distance of approximately one-third of a mile as measured by Carson City’s MapGeo system. While the implementation of the new scalehouse has shortened this travel distance by perhaps one-half, the amount of time

that a vehicle must wait in line may still take a significant amount of time as the new scalehouse now has two incoming lanes of traffic that then merge into one just before the scale.

Because of the design and system limitations currently in place at the scalehouse, coupled with other factors such as the long lines of vehicle traffic entering and leaving the weigh station, the Carson City Landfill cannot have multiple attendants working both the incoming and outgoing windows. In addition, in order to provide the necessary staff breaks, such as the required 15 minute and 1 hour lunch breaks, the supervisor for the Landfill must call other personnel from the Landfill to cover the incoming and outgoing scalehouse windows. This can involve having one of the heavy machine operators come in from the field and cover a scalehouse window while the regular scalehouse attendant takes his/her required breaks. In doing this, especially given the volume of customers entering and leaving the scalehouse, it is not functional, practical, or efficient for those field personnel and regular scalehouse attendants to close the payment register in order to balance the drawer before turning the cashbox over to another employee.

In speaking with one former scalehouse attendant who now works at another City office, I learned that it could take approximately 15 minutes to balance a cash drawer at the Landfill scalehouse. If Landfill employees had to balance the scalehouse case drawer each time before turning it over to another employee, such as for required 15 minute breaks or lunchbreaks, it could take up to 15 minutes each time, which would not only consume a good portion of or the entirety of an employee break, but it would further cause considerable time delays for customers trying to enter and leave the Carson City Landfill. In short, the scalehouse at the Landfill cannot implement a separate cash drawer for each employee due to the design, technology, and operational nature of the scalehouse.

Because of this, both Deputy Director Cooley and I believe that the current controls that the scalehouse has implemented provide the necessary level of accountability needed to address the requirements and intention of the Cash Handling Policy, as well as to accommodate the business and customer needs of the scalehouse.

ISSUE #5: SECURE AND RECEIPT CASH OVERAGES DAILY

Departments/ Offices involved:

- Carson City Landfill (scalehouse)

CARSON CITY LANDFILL

What Will Be Implemented:

During the same time that I met with Deputy Director Cooley to discuss the matter of separate cash drawers for each scalehouse employee, I further discussed with him the finding about the need for scalehouse employees to receipt all cash overages and leftover change during each shift. As a note, the term “leftover change” refers to instances when a customer will leave any loose coins at the scalehouse payment window (outgoing lane) when paying the required service charge with cash before leaving the Landfill. For example, if a customer’s disposal fee were \$24.60, and the customer paid with a \$20 bill and a \$5 bill, the customer would leave the 40 cents in change at the payment window. One of the practices at the Landfill has been for scalehouse attendants to provide lollipops to children accompanying their parents at the Landfill, and the extra change left by customers has since become known as the “sucker fund.” Because of this, employees have used this “sucker fund” to purchase the lollipops given to children accompanying their parents at the Landfill.

Based on previous instructions from Chief Financial Officer Sheri Russell-Benabou following the 2022 surprise cash handling audit conducted by the CCTO, scalehouse employees must receipt all leftover change on a daily basis, and at the end of the month, must then submit this money as a deposit to the CCTO for placement in an account earmarked for this purpose.

In speaking with me about the “sucker fund,” Deputy Director Cooley advised that scalehouse employees maintain a log where they record any extra change left by customers for each respective day. Deputy Director Cooley further explained that scalehouse employees place this leftover change in a separate deposit bag from the regular cash funds collected for disposal fees so that the funds do not become intermixed. As Deputy Director Cooley and I continued to speak about this issue, and why scalehouse staff members hadn’t secured any leftover change intended for the “sucker fund” at the time of the most recent surprise cash handling audit, we didn’t have an exact reason aside from perhaps new staff members did not know the procedure for the “sucker fund.” However, Deputy Director Cooley advised that effective this day, scalehouse staff would receipt and secure any leftover change.

Who Is Responsible:

- Rick Cooley, Deputy Director, Carson City Public Works
- Andrew Rasor, Treasurer, Carson City Treasurer’s Office

Timeframe for Implementation:

Effective Tuesday, 3/5/24

ISSUE #6: ALL STAFF MUST REVIEW CASH HANDLING POLICY WITHIN 90 DAYS OF HIRE:

Departments/ Offices involved:

- Carson City Library
- Carson City Permit Center

CARSON CITY LIBRARY

What Will Be Implemented:

On Thursday, 3/7/24, at approximately 12:17 p.m., I spoke by telephone with Director Joy Holt of the Carson City Library to discuss with her the requirement for all employees who will accept cash payments from the public to review and acknowledge the Cash Handling Policy. During that time, Director Holt informed me that everyone who works at the Carson City Library is capable of taking cash from customers, and because of that, she recently provided copies of the Cash Handling Policy to all her staff. I informed Director Holt that all Carson City employees can access the current Cash Handling Policy on the Treasurer’s Office website (located at <https://www.carson.org/home/showpublisheddocument/87230/638319457795530000>) and can also access the same Cash Handling Policy in Policy Tech, which serves as the policy and procedure manual database for all Carson City employees. With the inclusion of the current Cash Handling Policy in Policy Tech, Carson City department supervisors can also run queries for all employees assigned under their chain-of-command to see which employees have or have not reviewed the Cash Handling Policy, which further assists the employee and supervisor when completing the employee’s required annual evaluation.

During our discussion, I also reviewed with Director Holt a list of 15 Library staff members, and asked her to identify those employees at the Carson City Library who still need to review and acknowledge the Cash Handling Policy. Of the 15 staff members, Director Holt identified two individuals who no longer work at the Carson City Library, and further confirmed with me the names of the remaining 13 individuals who need to review the Cash Handling Policy. I asked

CARSON CITY: CASH HANDLING

Director Holt if those 13 employees could review the Cash Handling Policy by Monday, 4/15/24 and do so in Policy Tech so that it captures the tracking information of who has reviewed and acknowledged the policy. In response, Director Holt advised that she would identify those employees who need to review the Cash Handling Policy, and have them read and acknowledge this policy in Policy Tech by Monday, 4/15/24. In addition, Director Holt and I agreed that if her staff had questions about the Cash Handling Policy, or wished to have in-person training from the Treasurer's Office to discuss the Cash Handling Policy, I could go to the Carson City Library and provide them with the requested training.

Who Is Responsible:

- Joy Holt, JD, Director, Carson City Library
- Andrew Rasor, Treasurer, Carson City Treasurer's Office

Timeframe for Implementation:

Monday, 4/15/24

CARSON CITY PERMIT CENTER

What Will Be Implemented:

On Thursday, 3/7/24, at approximately 11:01 a.m., I spoke by telephone with Director Hope Sullivan of the Carson City Community Development Center which oversees the Permit Center. During that time, I informed Director Sullivan of the audits findings regarding the requirement for all employees who will accept cash payments from the public to review and acknowledge the Cash Handling Policy. During that time, Director Sullivan informed me that she would have an Administrative Assistant from the Community Development Department contact me to schedule a time so that I could provide training to those staff members who needed it.

On Monday, 3/11/24, at 4 p.m., I met with 10 staff members from the Community Development Department whose duties involve cash handling, and provided them training on Carson City's Cash Handling Policy. During that time, I provided each of the attendees with a copy of the Cash Handling Policy and then reviewed with them the more critical and functional sections of the policy, such as those noted in recent cash handling audits performed by CCTO staff and those noted in Eide Bailly's findings report referenced in this letter. Finally, I informed the staff members who attended that they can access the current Cash Handling Policy on the Treasurer's Office website (located at <https://www.carson.org/home/showpublisheddocument/87230/638319457795530000>) and further informed them that all Carson City employees can also access the same Cash Handling Policy in Policy Tech, which serves as the policy and procedure manual database for all Carson City employees. As a note, some of these staff members at the Permit Center are contract employees, and as such, don't have access to Policy Tech. I also had everyone in attendance sign a roster to document that they had received this training and a copy of the City's Cash Handling Policy.

Who Is Responsible:

- Hope Sullivan, Director, Carson City Community Development/ Permit Center
- Andrew Rasor, Treasurer, Carson City Treasurer's Office

Timeframe for Implementation:

Monday, 3/11/24

CONCLUSION:

As noted in each of the issues noted in Finding #1, I have addressed the individual matters with a supervisor from each of the respective departments. In addition, I have further addressed the requested response from management which identifies the corrective action; who will be responsible for or will assist in implementing the necessary change(s); and the timeframe needed to implement the necessary change.

I hope that the information that I have detailed in this letter provides the information which the Eide Bailly team has requested. If you have any questions, or need any further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Rasor". The signature is written in a cursive, flowing style.

Andrew Rasor, Treasurer
Consolidated Municipality of Carson City, Nevada