

CITY AUDITOR'S OFFICE



AUDIT OF LAS VEGAS MUNICIPAL COURT WITNESS FEE FUNDS

Report CW019-2526-01

December 17, 2025

EXECUTIVE SUMMARY

Why this Audit is Important

Cash is susceptible to theft or loss if proper internal controls are not in place. In conducting this audit, we evaluated the adequacy of the internal controls surrounding the safeguarding and use of the city's \$4,900 witness fee funds which are used by Municipal Court front counter cashiers to make payments to witnesses appearing in court. The Municipal Court performs this function for the City Attorney's Office. We identified improvements that are needed to prevent theft or loss of the witness fee funds.

Key Audit Results

- We completed an unannounced visit to the Municipal Court and confirmed the existence of the witness fee funds.
- In reviewing the daily process being followed by the front counter cashiers in accounting for the witness fee funds, we identified procedural improvements that are needed to ensure the accuracy of the total of the witness fee funds including cash on hand and replenishments in transit. In addition, we determined that the total amount of the witness fee funds exceeds that which is needed in relation to recent activity.
- We found that the witness fee funds are being properly secured in a safe in the count room. However, the combination for the safe in which the funds are stored is not being changed in accordance with city policy and there are employees with access to the count room that shouldn't have access.
- We found that the Municipal Court front counter cashiers are following established procedures in paying witnesses. However, we found that the accounting unit staff are not following certain established departmental procedures.

TABLE OF CONTENTS

BACKGROUND	1
AUDIT TEAM.....	1
OBJECTIVES AND RESULTS	1
SCOPE AND METHODOLOGY	2
FINDINGS AND RECOMMENDATIONS	3
1. Improved Procedures Needed	3
2. Improved Physical Security Measures Needed Over Funds	4
3. Periodic Audits Not Being Completed by Accounting Unit	5
MANAGEMENT RESPONSE	6

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BACKGROUND

Witnesses who are subpoenaed and appear at proceedings of the Las Vegas Municipal Court are paid \$25 plus mileage for travel to the courthouse (based on their residential zip code). To receive this payment, a witness must present their subpoena signed by a Deputy City Attorney to a Municipal Court cashier. Prior to payment, the cashier verifies the information on the subpoena against the witness's government issued ID and a daily listing of witnesses scheduled to appear. The Municipal Court performs this function for the City Attorney's Office.

The witness fee payments are made from a \$4,900 fund issued by the city's Finance Department to the Municipal Court's Front Counter Division (front counter). The transactions are recorded in the ATLAS receipting system.

During the fiscal year ended June 30, 2025, 897 payments totaling \$34,750 were made to witnesses.

AUDIT TEAM

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OBJECTIVES AND RESULTS

Our audit objectives and corresponding results were as follows:

- *Confirm the existence of the witness fee funds through an unannounced count and determine whether a signed custodian form exists for the funds.*

We completed an unannounced visit to the Municipal Court and confirmed the existence of the witness fee funds.

- *Determine whether the witness fee funds are properly secured in accordance with city policy.*

The witness fee funds are being properly secured in a safe in the Court count room.

The combination for the safe in which the funds are stored is not being changed in accordance with city policy and there are employees with access to the count room that shouldn't have access. **See Finding #2.**

- *Determine whether the Municipal Court cashiers and accounting unit employees are following established department and city cash handling procedures for payment of the witness fees.*

The Municipal Court cashiers follow established procedures in paying witnesses.

The accounting unit staff are not following certain established departmental procedures. **See Finding #3.**

- *Determine whether the Municipal Court cashiers are properly reconciling the witness fee funds at the end of each day in accordance with department and city policy.*

In reviewing the daily process being followed by the cashiers in accounting for the witness fee funds, we identified procedural improvements that are needed to ensure the accuracy of the total of the witness fee funds including cash on hand and replenishments in transit. In addition, we determined that the total amount of the witness fee fund exceeds that which is needed in relation to recent activity. **See Finding #1.**

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. Our testing included reviewing 63 witness fee payments during the period from January 1 to June 30, 2025.

Our audit methodology included:

- An unannounced count of the witness fee funds and observation of the security surrounding the funds.
- Testing the existence of the documentation obtained from witnesses prior to payment (i.e. subpoena signed by a Deputy City Attorney and the witness and a copy of a government issued ID).
- Testing the accuracy of the payments being made to witnesses and the recording of the amounts within ATLAS and to the general ledger.
- Testing the daily witness fee fund end-of-day close out procedures.
- Testing the fund replenishment process.
- Reviewing compliance with the city's safe combination change policy.
- Reviewing electronic badge access reports to the Municipal Court cash count room.

The last fieldwork date of this audit was October 13, 2025.

FINDINGS AND RECOMMENDATIONS

1. Improved Procedures Needed

The front counter cashiers store the \$4,900 witness fee fund in seven pre-numbered deposit bags of \$700. Each day, one bag is pulled from the safe for use by a cashier. At the end of each day, the unused funds are placed in a new deposit bag. The amount within each of the seven deposit bags is logged daily on a manual log along with the total of each day's payments. The Municipal Court Accounting Unit requests the total amount of each day's witness fee payments from Finance to replenish the witness fee fund. The requested replenishment amounts are subsequently delivered to the Front Counter via an armored car carrier.

The city's Petty Cash Funds Policy/Procedure (FN305) states the following:

Petty Cash Custodians are responsible for ensuring that the amount of cash on hand and the signed petty cash vouchers equal the original balance of the petty cash fund.

While the payments from the witness fee fund are not for small dollar purchases as is the case with petty cash funds, the principle for managing these funds is the same. The total cash on hand and the total replenishment requests outstanding should always total \$4,900. While cash on hand and daily replenishment requests are recorded on a log, there is not a daily reconciliation to the total amount of the fund. The delivery of daily replenishment requests by the armored car service is often delayed for more than a week. Without a daily reconciliation of the fund in total, there is the potential for missed deliveries of funds without detection.

When replenishment funds are received from the armored car service by the front counter, the funds are placed in a safe. These funds are not always added to the witness fee funds in a timely manner.

The method by which the front counter cashiers store and account for the witness fee funds is inefficient. For example:

- A manual log is used for tracking the funds.
- Each night, the eight-digit number of seven deposit bags is written down on the log.
- Any time a replenishment of funds is completed, the funds are placed in seven new deposit bags regardless of whether a bag has been used.

The witness fee payment transactions are incorrectly recorded in two different general ledger accounts. This variation is due to inconsistencies by the cashiers when inputting the general ledger account when processing the transactions within ATLAS.

During the six months ending June 30, 2025, the average amount of weekly payments from the witness fee fund was \$720. This activity does not appear to justify a total witness fee fund of \$4,900.

Recommendations

- 1.1 Municipal Court management should adjust the procedures being performed by front counter operations to ensure:
 - daily reconciliation of the witness fee fund in total is completed. The sum of cash on hand and replenishment requests in transit should always total the amount of the fund.
 - replenishment funds are added to the witness fee fund when received from the armored car carrier.
 - the correct general account is being used in recording the payments.
- 1.2 Municipal Court management should evaluate:
 - alternative methods by which the witness fee funds are stored and tracked to improve efficiency while at the same time maintaining security and accountability for the funds. Consideration should be given to automation of the log.
 - the activity of the witness fee fund to determine whether the amount is still appropriate.

2. Improved Physical Security Measures Needed Over Funds

The Municipal Court has a restricted access count room that is used by front counter operations employees for handling cash outside of the view of customers. Within this room is the safe that is used to store deposits, change funds, and the witness fee fund. We obtained a report identifying all individuals with electronic badge access to this room. Excluding Public Safety employees, there were 39 individuals with access to the room. We reviewed this report with Municipal Court management and were told that some of these employees should not have access to the room.

The city's Cash Handling Policy/Procedure (FN302) states the following:

Combinations for department safes shall be changed annually or when an employee with safe access separates from employment. A log shall be kept of all people with access to the safe and when the safe combination was last changed. The invoice from the locksmith shall be kept as backup.

The city's locksmith has no record that the combination for the safe in which the witness fee funds are stored has ever been changed. In addition, the Front Counter does not maintain a log of those with access to the safe and when the safe combination was last changed as required by policy.

Recommendations

- 2.1 Municipal Court management should terminate access to the count room of any individuals that should not currently have access and periodically review the badge access report for anyone that should not have access.
- 2.2 Municipal Court management should have the safe combination changed and begin tracking who has been provided with the combination, the dates of when the combination is changed, and documented evidence from the locksmith of the change.

3. Periodic Audits Not Being Completed by Accounting Unit

The Municipal Court's Witness Fee Disbursement Procedure states the following:

A Muni Court Accounting representative will complete an audit and reconciliation of all subpoenas to include signatures, bar numbers, the mileage amounts, and the witness' signature and report any discrepancies to the Budget Analyst, Financial Auditor, Front Counter Supervisor, and Division Manager. The Accounting representative will scan the subpoenas that were paid out for the day and supporting back-up and forward the scanned documents to City Finance. A City Finance representative will verify upon receipt that the entry is recorded correctly in the general ledger.

The Municipal Court Accounting Unit is not performing the audits and reconciliations of subpoenas as outlined in the procedure. In addition, subpoenas and supporting back-up are not being scanned and forwarded to Finance.

Recommendations

- 3.1 Municipal Court management should ensure the Accounting Unit performs the audits and reconciliations of all subpoenas as outlined in the Witness Fee Disbursement Procedure.
- 3.2 Municipal Court management should update the Witness Fee Disbursement Procedure to accurately reflect their roles and responsibilities over the witness fee funds.

MANAGEMENT RESPONSE

1. Improved Procedures Needed

1.1 Municipal Court management should adjust the procedures being performed by front counter operations to ensure:

- daily reconciliation of the witness fee fund in total is completed. The sum of cash on hand and replenishment requests in transit should always total the amount of the fund.
- replenishment funds are added to the witness fee fund when received from the armored car carrier.
- the correct general account is being used in recording the payments.

Management Action Plan: We agree with the auditors' assessment and will have the Court's Accounting Unit perform a daily reconciliation of the witness fee fund in total, to ensure the sum of cash on hand and replenishment requests in transit reconciles to the total amount of the fund. Procedures will be updated to ensure replenishment funds are counted and added to the witness fee fund when received from the armored car carrier. Front counter operations have been updated with the correct general account code to be used when recording payments. The Court's Accounting Unit will confirm the entry is posted to the City Attorney's General Ledger account.

Estimated Date of Completion: December 1, 2025

1.2 Municipal Court management should evaluate:

- alternative methods by which the witness fee funds are stored and tracked to improve efficiency while at the same time maintaining security and accountability for the funds. Consideration should be given to automation of the log.
- the activity of the witness fee fund to determine whether the amount is still appropriate.

Management Action Plan: We agree with the auditors' assessment and will evaluate current procedures to determine if there is a more efficient process for maintaining the funds. Procedures will also be updated to include a new log and improved tracking through the Accounting Unit.

Estimated Date of Completion: December 1, 2025

2. Improved Physical Security Measures Needed Over Funds

2.1 Municipal Court management should terminate access to the count room of any individuals that should not currently have access and periodically review the badge access report for anyone that should not have access.

Management Action Plan: We agree with the auditors' assessment and will review the badge access report to verify that only individuals in need of access will have access to the court room.

Estimated Date of Completion: December 1, 2025

- 2.2 Municipal Court management should have the safe combination changed and begin tracking who has been provided with the combination, the dates of when the combination is changed, and documented evidence from the locksmith of the change.

Management Action Plan: We agree with the auditors' assessment. The locksmith changed the combination to the safe on September 10, 2025, with documented evidence of the change.

Estimated Date of Completion: September 10, 2025

3. Periodic Audits Not Being Completed by Accounting Unit

- 3.1 Municipal Court management should ensure the Accounting Unit performs the audits and reconciliations of all subpoenas as outlined in the Witness Fee Disbursement Procedure.

Management Action Plan: We agree with the auditors' assessment and the court will update its policies and procedures to ensure the Court's Accounting Unit is properly performing the audits and reconciliations of all witness fees as outlined in the Witness Fee Disbursement Procedure.

Estimated Date of Completion: December 1, 2025

- 3.2 Municipal Court management should update the Witness Fee Disbursement Procedure to accurately reflect their roles and responsibilities over the witness fee funds.

Management Action Plan: We agree with the auditors' assessment and the court will update Witness Fee Disbursement Procedures to accurately reflect the roles and responsibilities over the witness fee funds.

Estimated Date of Completion: December 1, 2025