

CITY AUDITOR'S OFFICE



AUDIT OF LAS VEGAS MUNICIPAL COURT MANAGEMENT CONTROLS OVER BUS PASSES

Report MC007-2627-01

September 28, 2026

EXECUTIVE SUMMARY

Why this Audit is Important

The Las Vegas Municipal Court provides bus passes purchased from the Regional Transportation Commission of Southern Nevada to eligible defendants and program participants needing transportation to meet required obligations. These bus passes are distributed by the Compliance Unit and the Specialty Courts of the Court's Programs Division. During the period January 1, 2025, through April 30, 2026, the Municipal Court purchased 2,030 bus passes at a cost of approximately \$50,000 for distribution to eligible defendants and program participants. Without proper management controls over the purchase, safeguarding, and distribution of bus passes, they can easily be taken for personal use, distributed to unauthorized individuals, or lost.

Key Audit Results

The objective of this audit was to determine whether bus passes used by the Municipal Court are being appropriately purchased, tracked, safeguarded, and distributed in accordance with the city's Gift Card Policy/Procedure FN212. Bus passes fall under the scope of this policy because they are considered cash equivalents like gift cards.

Our audit found the following:

- Undistributed bus passes are being properly secured by both the Specialty Courts and the Compliance Unit in accordance with city policy.
- The Compliance Unit's procedures for managing bus passes were found to be effective and aligned with city policy. Their records were complete, except for a small number of unaccounted-for bus passes.
- The Specialty Courts' procedures for managing bus passes are not fully compliant with city policy as evidenced by incomplete tracking records and unaccounted-for bus passes.
- The Municipal Court did not complete the required quarterly inspections, audits, and reconciliations of bus passes as outlined in city policy.
- The Municipal Court does not have formal documented procedures outlining how bus passes are managed.

We provided recommendations to Municipal Court management to address these findings.

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BACKGROUND

The Las Vegas Municipal Court (Court) provides bus passes purchased from the Regional Transportation Commission of Southern Nevada (RTC) to eligible defendants and program participants needing transportation to meet required obligations. The bus passes are distributed by the following sections of the Court's Programs Division:

- **Specialty Courts** – comprised of the following seven courts:
 - Mental Health Court
 - Women in Need of Change Court
 - Habitual Offender Prevention & Education Court
 - DUI Court
 - Veterans Court
 - Young Offenders Court
 - Community Court
- **Compliance Unit** - oversees the monitoring of compliance by defendants with the terms of their court sentence.

The purchase, handling, and distribution of bus passes are subject to the city's Gift Card Policy/Procedure FN212 (city policy) as they are considered cash equivalents like gift cards.

During the period January 1, 2025, through April 30, 2026, the Compliance Unit purchased 600 bus passes at a cost of \$1,500 and the Specialty Courts purchased 1,430 bus passes at a cost of \$47,950.

AUDIT TEAM

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OBJECTIVES AND RESULTS

Our audit objectives and corresponding results were as follows:

Determine whether bus passes used by the Court are being appropriately purchased, tracked, safeguarded, and distributed in accordance with city policy (Gift Card Policy/Procedure FN212).

Results

- Undistributed bus passes are being properly secured by both the Specialty Courts and the Compliance Unit in accordance with city policy.
- The Compliance Unit's procedures for managing bus passes were found to be effective and aligned with city policy. Their records were complete, except for a small number of unaccounted-for bus passes. **See Finding #1.**
- The Specialty Courts' procedures for managing bus passes are not fully compliant with city policy as evidenced by incomplete tracking records and unaccounted-for bus passes. **See Finding #1.**
- The Court did not complete the required quarterly inspections, audits, and reconciliations of bus passes as outlined in city policy. **See Finding #2.**
- The Court lacks formal documented procedures outlining how bus passes are managed. **See Finding #3.**

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. The scope of the audit was limited to bus pass purchases and distributions during the period January 1, 2025, through April 30, 2026. Observations of bus passes on hand were completed on the following dates:

- Compliance Unit – June 3, 2026
- Specialty Courts – May 14, 18, and 19, 2026; June 11, 2026

Our audit methodology included:

- Reviewing documentation for the purchase and distribution of bus passes (e.g., RTC order forms, purchase invoices, spreadsheets, logs).
- Observing the physical security of bus passes on hand.
- Reconciling the number of bus pass purchases, distributions, and passes on hand.
- Verifying compliance with the applicable sections of the city's Gift Card Policy/Procedure FN212.

The last fieldwork date of this audit was September 3, 2026.

FINDINGS AND RECOMMENDATIONS

1. Improved Procedures Needed

Specialty Courts

The Court's Programs Division Administrative Support Assistant (Administrative Assistant) orders bus passes from the RTC for the seven specialty courts. All bus pass purchases and transfers are documented in the *Bus Pass Log Master* spreadsheet (master spreadsheet). Once bus passes are transferred to Specialty Courts staff, those staff members become custodians of the passes and are responsible for their tracking and safekeeping.

Each specialty court maintains a manual bus pass distribution log (distribution log) to record the date a bus pass is issued, the staff member who issued the pass, the pass serial number, the recipient's name, and the recipient's signature. The Administrative Assistant periodically updates the master spreadsheet with information from these distribution logs.

During our review and testing of this process, we identified the following deficiencies in the current procedures:

- In our reconciliation of the Specialty Courts bus pass purchases, distributions, and passes on hand for the period January 1, 2025, through April 30, 2026, we found that 323 of 1,255 (25.7%) bus pass distributions had not been recorded by the Administrative Assistant on the master spreadsheet.
- Specialty Courts staff are inconsistent in when they provide distribution logs to the administrative assistant for updating the master spreadsheet.
- Thirteen bus passes, with a total cost of \$442, were unaccounted for; they were not on hand, and no record existed documenting their distribution.
- City policy states that *"it is each department's fiscal responsibility to document the chain of custody of the [bus passes], from the moment they are purchased, through transfers to employees, to their final distribution to the public or when used internally."* The chain of custody documentation for bus passes is incomplete. Specialty Courts staff do not acknowledge receipt of bus passes through a signature at the time they are transferred to them, and no information is recorded on the passes until they are distributed to program participants.

Compliance Unit

The Court Services Supervisor of the Compliance Unit (Supervisor) orders bus passes from the RTC. Upon receipt of the passes, the Court's Accounting Unit prepares distribution logs detailing the passes purchased and provides them to the Compliance Unit for documenting distributions. The Supervisor serves as the sole custodian of bus passes for the Compliance Unit and is responsible for their tracking and safekeeping.

Our reconciliation of the Compliance Unit's bus pass purchases, distributions, and passes on hand for the period January 1, 2025, through April 30, 2026, found that they complied with city policy and maintained complete and accurate records, with one minor exception; five bus passes, with a total cost of \$12.50, were unaccounted for; they were not on hand, and no record existed documenting their distribution.

Physical Security of Bus Passes

We met with and observed the security measures being followed by the Specialty Courts and Compliance Unit staff over the undistributed bus passes and found them to be properly secured in accordance with city policy.

Recommendations

- 1.1 Municipal Court management should have the Administrative Assistant update the master spreadsheet with the missing disbursements and identify those bus passes that were found to be unaccounted for.
- 1.2 Municipal Court management should require Specialty Courts staff to return their distribution logs at a designated, uniform time to the administrative assistant for updating the master spreadsheet.
- 1.3 Municipal Court management should require Specialty Courts staff to document all bus passes received from the Administrative Assistant, including the date of the transfer, the serial numbers of the passes, and the staff member's name and signature on their distribution logs. Alternatively, using the information on purchased bus passes contained in the master spreadsheet, the Administrative Assistant could generate a log listing the bus passes being transferred for use by the Specialty Courts staff.
- 1.4 Municipal Court management should have the Compliance Unit Supervisor make notes within their records of the bus passes that were found to be unaccounted for.

2. Quarterly Audit and Reconciliation Procedures Not Completed

City policy requires departments to quarterly inspect and audit the records of bus pass purchases, distributions, and inventory of unissued bus passes using the *Review, Audit and Reconciliation Questionnaire* that is included as an attachment to the policy. This questionnaire requires departments to complete the following reconciliation:

- Number of Bus Passes Purchased
- Less: Number of Bus Passes Distributed
- Less: Number of Bus Passes Transferred to another employee
- Equals: Number of Passes On Hand

This quarterly audit and reconciliation was not completed for either the Specialty Courts or the Compliance Unit during the period of our testing from January 2025 through April 2026. In July 2026, the Court's Accounting Unit began completing their first quarterly audit and reconciliation of the Court's bus passes. If quarterly audits and reconciliations of bus passes had been performed as required, the incomplete records and unaccounted-for bus passes identified in Finding #1 would have been detected.

Recommendations

- 2.1 Municipal Court management should implement quarterly inspections, audits, and reconciliations of the bus pass records in accordance with the guidance provided within city policy. See Attachment 4 in Policy/Procedure FN212.
- 2.2 Municipal Court management should retain copies of these quarterly inspections and audits in accordance with policy.

3. Documented Procedures Needed

While the Compliance Unit has a documented policy addressing the management of bus passes, it has not been updated for several years and does not reflect the current process being followed. In addition, it does not reflect the requirements within the updated Gift Card Policy/Procedure (revised 4/17/23) which applies to bus passes. The Specialty Courts do not have formal documented procedures outlining how bus passes are managed.

Recommendation

- 3.1 Municipal Court management should have the Compliance Unit and the Specialty Courts document their procedures for tracking, safeguarding, and distributing bus passes.

MANAGEMENT RESPONSE

1. Improved Procedures Needed

- 1.1 Municipal Court management should have the Administrative Assistant update the master spreadsheet with the missing disbursements and identify those bus passes that were found to be unaccounted for.

Management Action Plan: The assigned Administrative Assistant (ASA) will be tasked with updating the master spreadsheet with the missing data and will identify which passes have been unaccounted for.

Estimated Date of Completion: The assigned ASA will complete this by 01/01/2027.

- 1.2 Municipal Court management should require Specialty Courts staff to return their distribution logs at a designated, uniform time to the Administrative Assistant for updating the master spreadsheet.

Management Action Plan: The current system relies heavily on hard-copy documentation to record chain of custody and track bus pass tickets. Beginning in September 2026, Court Programs Division staff will be required to submit their bus pass logs at the end of each month so that all bus passes—whether disbursed or remaining in inventory—can be accounted for. This process will remain in place until the Court transitions to a fully automated online system that eliminates the need for paper records. Once implemented, the automated system will provide real-time access to bus pass inventory for authorized personnel.

Estimated Date of Completion: It is estimated that the automated process will go live no later than 01/01/2027.

- 1.3 Municipal Court management should require Specialty Courts staff to document all bus passes received from the Administrative Assistant, including the date of the transfer, the serial numbers of the passes, and the staff member's name and signature on their distribution logs. Alternatively, using the information on purchased bus passes contained in the master spreadsheet, the Administrative Assistant could generate a log listing the bus passes being transferred for use by Specialty Courts staff.

Management Action Plan: The new automated system will enable tracking of multiple record custodians for individual bus passes, including capturing the name and signature of the staff member distributing each pass. This system will also have a place for the defendant to sign and date when they receive the bus pass. The system provides real-time monitoring of all bus passes, eliminating the need for any additional logs.

Estimated Date of Completion: It is estimated that the automated process will go live no later than 01/01/2027.

- 1.4 Municipal Court management should have the Compliance Unit Supervisor make notes within their records of the bus passes that were found to be unaccounted for.

Management Action Plan: The Compliance Unit will also utilize the automated system for bus pass distribution. Additionally, the Compliance Supervisor has been instructed to document any instances in which a bus pass is unaccounted for.

Estimated Date of Completion: It is estimated that the automated process will go live no later than 01/01/2027.

2. Quarterly Audit and Reconciliation Procedures Not Completed

- 2.1 Municipal Court management should implement quarterly inspections, audits, and reconciliations of the bus pass records in accordance with the guidance provided within city policy. See Attachment 4 in Policy/Procedure FN212.

Management Action Plan: Currently, bus passes are subject to a quarterly audit conducted by the Accounting Division. These audits were initiated in July 2026, at which time the division reviewed activity from January through June 2026. The Accounting Division will continue to perform each subsequent quarterly audit moving forward.

Estimated Date of Completion: The bus pass audits will be completed quarterly with the next date of completion in October 2026.

- 2.2 Municipal Court management should retain copies of these quarterly inspections and audits in accordance with policy.

Management Action Plan: These audits are saved and ready for review on the Las Vegas Municipal Court's :F Drive.

Estimated Date of Completion: The bus pass audits will be saved quarterly.

3. Documented Procedures Needed

- 3.1 Municipal Court management should have the Compliance Unit and the Specialty Courts document their procedures for tracking, safeguarding, and distributing bus passes.

Management Action Plan: The Court's current bus pass distribution procedures are being revised to more accurately reflect existing practices while remaining in compliance with City of Las Vegas guidelines. Once the updated procedure has been reviewed and finalized, both the Compliance Unit and Specialty Courts will be instructed to incorporate the new requirements into their

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respective standard operating procedures (SOPs). These procedures will outline a comprehensive plan for tracking, safeguarding, and distributing the bus passes.

Estimated Date of Completion: The finalized Court Procedures and SOPs should be completed by 01/01/2027.