



**Office of the Comptroller
Finance Department
Tonopah, Nevada**

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Nye County Courthouse
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March 24, 2014

Subject: CORRECTIVE ACTION PLAN

Dear: US Department Of Energy

Nye County, Nevada respectfully submits the following corrective action plan for the year ended June 30, 2013.

**Name and Address of independent public accounting firm: Daniel C. McArthur Ltd.
Certified Public Accountant, 501 South Rancho Drive, Suite E-30, Las Vegas, Nevada
89106**

Audit Period: June 30, 2013.

The findings from the June, 30, 2013 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

2013-01 Timely bank account and investment reconciliation to the general ledger:

Recommendation: Bank and investment accounts should be reconciled to the general ledger promptly after the end of the month. All reconciling items should be investigated and corrections made as needed in the general ledger. Prior to the monthly closing of the general ledger, the County Treasurer and County Comptroller should review and approve the reconciled bank and investment balances ensuring that the balances agree to the general ledger.

Corrective Action: Bank and Investment accounts will be brought up to date with the aid of an outside contractor. Monthly meetings will be scheduled for the Comptroller's office and the Treasurer's office to review the prior month activity. The accounting periods will be closed in a timely manner by the Comptroller's office to facilitate in the timely reconciliation. The plan for period closure is to have the previous month closed within 15 working days of the beginning of a new month. Written notice will be provided if any extension is needed.

Implementation Time: Immediately.

2013-02 Capital Assets

Recommendation: The County should designate a capital asset manager. Monthly, the capital asset manager should examine all expenditures in excess of the County threshold for capitalization (\$3,000) to determine whether the expenditure is a capital asset. Expenditures determined to be capital assets should be recorded as capital outlay on the general ledger and included on the capital asset listing. Any capital assets recorded as a service or supply expenditure should be reclassified to a capital outlay expenditure account. General ledger capital outlay expenditures should be reconciled to asset additions each accounting period. In addition, the capital asset manager should monitor asset retirements/disposals, recording retirement of assets each month on the capital asset listing. The monthly activity should be reviewed by the County Comptroller for completeness.

Corrective Action: Jennifer Rogers has been designated as capital asset manager. She will be performing the duties as outlined.

Implementation Time: Immediately

2013-03 Revenue apportionment

Recommendation: Treasurer Receipts and related supporting documentation should be examined by a responsible official from the County Comptroller's office. The review should determine that the revenue is apportioned to the correct fund and account. This review should be documented by the signature of the official and the date the review was performed. Documentation supporting the review should be filed for future reference.

Corrective Action: The treasurer's receipts and supporting documentation will be scanned and attached to the receipt within the accounting software. Backup documentation will be reviewed prior to approval and posting of receipt.

Implementation Time: Within 2 months as soon as equipment is installed.

2013-04 General Ledger Adjusting Entries

Recommendation: Adjusting entries to the general ledger should be prepared by an accounting clerk. A journal entry worksheet should be prepared showing the accounts to be adjusted and the detailed entries to those accounts. Documents supporting the reason for the entry should accompany the journal entry worksheet. The journal entry worksheet should be signed and dated by the accounting clerk. An accounting supervisor should review the documentation and, if appropriate, post the entry to the general ledger. General ledger accounts affected by the entries should be printed and reviewed to ensure the intended correction was posted properly. The accounting supervisor should sign and date the journal entry worksheet to document the review of the proper posting of the entry. The journal entry documentation should be filed in numerical order.

Corrective Action: All Journal Entries are entered by accounting staff, reviewed and approved by Supervisory employees prior to being posted. All supporting documentations and worksheets are attached to the entry. The system provides an audit trail which acts as signature when entering or approving.

Implementation Time: Immediately.

2013-05 Improper Allocation of Property Tax

Recommendation: The Budget Director should provide to the County Treasurer and the County Comptroller the tax rates approved by the County Commission. The Budget Director, County Treasurer, and County Comptroller should review and document, in writing, that the rates levied for property taxes and rates to be used for apportionment of tax revenues to funds is correct. The apportionment of property tax revenues should be examined monthly by the County Comptroller's office for accuracy.

Corrective Action: The Comptroller has supplied the Treasurer with the Tax rates used in preparation of the fiscal year budget document, as well as the documents received from the State Department of Taxation regarding tax rates. The comptroller will review all apportionments.

Implementation Time: Immediately.

2012-06 Payroll Summary Fund Reconciliation

Recommendation: A Payroll staff accountant should be assigned the task of reviewing all account balances in the payroll summary fund monthly. Interfund payables and receivables should be reconciled and necessary entries to eliminate the interfund payables/receivables and cash adjustments should be prepared by the staff accountant. The adjustments should be reviewed and approved by the County Comptroller. The entries should be posted monthly.

Corrective Action: Correcting entries are being prepared and will be entered and the fund balanced prior to the close of Fiscal year 2013. The payroll specialist will be responsible for monitoring the fund and verifying that all entries are made and the fund is balanced on a monthly basis.

Implementation Time: In process.

2012-07 Financial Period Close

Recommendation: The financial closing and reporting process should be clearly defined, documented, and communicated to appropriate departments. The County Comptroller's office should assign specific closing tasks to members of the office with specific dates for completion of month end close. Tasks should include significant account reconciliation, account analysis, account variance analysis, encumbrance review, and adjusting journal entries to correct noted errors. Accounts receivable and accounts payable accounts should be reconciled to subsidiary ledgers/listings. Capital outlay expenditures should be reconciled to the capital asset listing.

Prior to the close of the month, the County Comptroller and the County Treasurer should agree on the reconciled cash and investment balances of each fund. Any

reconciling items should be recorded.

Corrective Action: Accounting periods will be closed within 15 working days of the end of the month. Policy and procedures will be written and submitted to the Board of County Commissioners as part of the Accounting policy and procedures that is being developed.

Implementation Time: 15 working day close will be effective immediately, Accounting Policy and Procedures to be completed within 1 year. This document will contain updates on Nye County policies and procedures for accounts payable, accounts receivable, payroll, and budget functions.

2013-08 Apportionment of Investment Income

Recommendation: Investment income should be allocated monthly to each fund that participates in the investment pool. Investment income should be reviewed by the Comptroller's office to verify accurate revenue allocation.

Corrective Action: Contract employee is currently working through allocation in the current fiscal year as well as training Treasurer's office staff in the process.

Implementation Time: In process.

2013-09 Drug Court Collections

Recommendation: Revenues generated from the operations of the Drug Court that are in the bank account of the non-profit corporation that are deemed to be that of the government should be remitted to the Nye County Treasurer. Monthly collections of Drug Court money should be remitted to the County Treasurer in accordance with Nevada Revised Statutes 356.200. Procedures should be implemented to monitor the monthly remittance of revenue to the County Treasurer from County Officers.

The petty cash account authorized by the County Commissioners in October of 2010 should be created and used in accordance with the County's petty cash policy and Nevada Revised Statutes 354.609.

The relationship between the County and the non-profit corporation should be examined to determine the role of the non-profit corporation in the Drug Court operations.

Corrective Action: Petty Cash policy and procedures were explained to employee responsible for maintaining Drug court petty cash, and procedures are now being followed for petty cash.

Implementation Time: Petty Cash procedures are being followed.

FINDINGS-FEDERAL AWARDS PROGRAMS

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NONE

If the Department of Energy has questions regarding this plan, please call Susan Paprocki at (775)482-8186.

Sincerely,



Susan Paprocki
Nye County Comptroller

SP/jr