



Audit Department

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Jeremiah P. Carroll II, CPA, Director • Charles W. Kendall, CPA, Audit Manager



February 7, 2007

Ms. Virginia Valentine
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Ms. Valentine:

Pursuant to Audit Department policy, we performed follow-up procedures on significant findings from the Clark County Audit of Overtime Hours. This follow-up letter should be read in conjunction with the original report. The follow-up procedures performed included interviews with responsible parties and an examination of related documentation. This follow-up engagement does not represent a complete reexamination of countywide overtime.

The auditor's role in follow-up reviews is to compile corrective actions taken from affected department/division management, assess whether these responses are adequate or not adequate to correct reported deficiencies, and relay those findings to management.

It is the department/division management's responsibility to decide if any appropriate action should be taken in response to reported audit findings. It is also their responsibility to assume the risk by not correcting a reported condition because of cost or other consideration.

The results of our follow-up review showed that of the seven findings reported during the initial audit, six had not been corrected. In a random sample of leave slips from three departments, we noted that overtime is not always approved prior to being worked. Additionally, we noted the Leave and Earnings Request System developed by the Information Technology Department has several control weaknesses that have not been corrected. However, we recognize that all resources are focused on Phase II of the SAP project, which may replace the Leave and Earnings Request System. The attached table discloses the other four findings and recommendations that have not been implemented.

The assistance and cooperation of the Finance Payroll Department, Real Property Management, Las Vegas Justice Court and the District Attorney's office is recognized and appreciated.

Sincerely,

/s/ Jeremiah P. Carroll

Jeremiah P. Carroll II, CPA
Audit Director

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**CLARK COUNTY
AUDIT OF OVERTIME HOURS
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION TAKEN**

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
Internal Control Noncompliance						
1	For the departments reviewed, overtime was not being pre-approved as required by County policy and the SEIU Contract.	We recommend that management train and counsel supervisors on planning for appropriate use of overtime and, when it is prudent and well advised, assure that prior approvals are obtained and that the reasons for the overtime are adequately documented.				X
Information Technology Leave & Earnings Request System						
2	The Leave & Earnings Request System developed by Information Technology and used in several departments has several control weaknesses.	The Finance Department and Human Resources Department need to review and approve the system and determine if it is a viable option for the leave slips. Second, management needs to determine the cost/benefit of the system in relation to the ERP project.				X
Information Technology and General Government Building Access						
3	Overtime hours could not be verified for selected individuals. Employees were able to enter work areas through propped open doors that did not require the swiping of the employee's badge to gain access.	All doors after hours should be secured. Employees should be required to use their badge to gain access after hours.				X

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
4	Department payroll clerks have the ability to view departmental employee bank account numbers within HRMS for individuals who have direct deposit set up for their paychecks.	The ability to view personal bank account information should be restricted to a limited number of individuals within the Finance Payroll Department.				X
5	Department payroll clerks do not receive any formal training from the Finance Payroll Department regarding payroll data entry, the requirements of the collective bargaining agreement, or the complex federal and state rules and laws governing payroll.	New department payroll clerks should be properly trained before performing payroll entry. The Finance Payroll Department personnel should play an active role in the training process.				X
6	It was noted that the County's overtime exemptions are generally based on job titles rather than specific duties and responsibilities of each employee's job. According to the FLSA, an exemption depends on the specific duties and responsibilities of the job, not the title. In reviewing the County's job descriptions, we noted several instances in which the FLSA status was incorrect.	We recommend that the job duties of the various County positions need to be reviewed individually and a determination made if they are now exempt from overtime under the revisions of the FLSA. Sufficient overtime savings could result based on the new FLSA regulations.				X

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
General Ledger Postings						
7	In the analysis of the HRMS system, we noted two departments (3413 and 3414) that had overtime and call back pay posted to an account distribution of 001-3413 or 001-3414. However, the chart of accounts does not list 001 as a valid fund.	We recommend that the Finance Department ensure that during the conversion process to the new general ledger system, the department payroll information is reflected accurately in the payroll system.	X			