



**AUDIT DEPARTMENT
CLARK COUNTY PUBLIC ADMINISTRATOR
BILLING RATE APPLICATION AUDIT
for the period July 1, 2004, through February 28, 2006**

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June 19, 2006

Mr. Thom Reilly
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Reilly:

As provided by our annual audit plan, we have conducted an audit of the County Public Administrator (PA) billing rate application. Our procedures considered transactions for the period July 1, 2004, through February 28, 2006. We interviewed appropriate personnel, performed observations, and reviewed monthly accounting reports for this period.

The objectives of our audit procedures were to determine whether the billable rates were reasonable and collected in accordance with applicable laws, rules, and regulations and whether revenues were correctly recorded and related receipts were fully deposited. Finally, we wanted to determine whether the corresponding internal controls were adequate to reasonably safeguard assets.

Except for the noted weakness below, detailed records supporting billable rates were complete and amounts collected were supported, receipts were properly recorded and deposited, and transactions were completed in accordance with laws, rules, and regulations.

We determined that the PA's Office was overly dependent on the software vendor for technical support and programming on the case management system known as Mission. The County Information Technology Department does not employ anyone with the technical knowledge or expertise to provide on-going technical support for Mission. This situation exposes the PA's Office to the potential loss of critical information from the risk of software and systems failure. We also noted other areas with opportunities for improvement with the accounts payable process.

A draft report was provided to the Clark County PA, and his response is included. The assistance and cooperation of the PA's staff is recognized and sincerely appreciated.

Sincerely,

/S/ Jeremiah Carroll II, CPA

Jeremiah P. Carroll II, CPA
Audit Director

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**PUBLIC ADMINISTRATOR
BILLING RATE APPLICATION
for the period July 1, 2004, through February 28, 2006**

BACKGROUND

The Public Administrator, elected to serve a four-year term, oversees the administration of the estates of deceased persons who have no qualified person willing and able to do so. The administrator is required by state law to ensure that the property of the deceased is secured until a relative or other designated person can claim the property. These conditions apply when:

- there are no known heirs,
- no executor has been appointed, and as a result the estate or any part is being wasted, uncared for, or lost,
- the named executor of a will fails to act,
- the will names the Public Administrator as executor, or
- an heir or heirs wish to have the estate administered for them by the Public Administrator.

The Public Administrator's Office uses the case management software program known as Mission to maintain client administrative, accounting and physical inventory information. All programming, changes, and technical support is provided by the software vendor without a review or evaluation by the County Information Technology Department (IT).

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine if:

- billable rates were reasonable and whether fees were collected in accordance with applicable laws, rules, and regulations, and
- revenues were correctly recorded, related receipts were fully deposited, and internal controls are adequate to reasonably safeguard assets for the period examined.

To accomplish our objectives, we interviewed appropriate personnel, performed observations, reviewed policies and procedures, reviewed monthly accounting reports, and agreed report totals to the accounting entries made to the general ledger.

Our audit was conducted in accordance with generally accepted governmental auditing standards.

Our procedures considered the period July 1, 2004, through February 28, 2006, and the last day of fieldwork was March 24, 2006.

RESULTS IN BRIEF

We found that the Public Administrator's Office is overly dependent on the software vendor for technical support as well as programming with its case management system known as Mission. The County IT does not employ anyone with the technical knowledge or expertise to provide on-going technical support for Mission. This situation exposes the Public Administrator's Office to the potential loss of critical information from the risk of software and systems failure. We also noted other areas with opportunities for improvement in monitoring general ledger postings and over the accounts payable process.

Except for the above noted conditions, we determined the billable rates were reasonable and fees were collected in accordance with applicable laws, rules, and regulations for the period examined. Finally, we found revenues were recorded correctly, related receipts were fully deposited, and the corresponding transactions were completed according to applicable laws, rules, and regulations for the period examined. However, we did note a significant weakness in the internal controls in that checks were printed with authorized signatures printed prior to management approval of the supporting documents. Further information is contained in the sections below.

DETAIL OF FINDINGS

Vendor Dependency for Technical Support and Programming

The Public Administrator's Office is overly dependent on the vendor for software programming and technical support and exposes the Public Administrator's Office to the potential loss of critical information from the risk of software and systems failure. The loss of system functionality will reduce operational effectiveness and impede the end-user's performance in the Public Administrator's Office. In our audit we found no evidence of this software program undergoing any evaluation against any national standard for design, coding, and testing. This presents an internal control weakness in computer programming and software development standards.

Management policies and procedures should be designed to prevent disruption to its business activity from known and potential risks to its operations.

We recommend that the County IT evaluate and determine the risks and vulnerabilities of the Mission software program and the technical support requirements. Based on the evaluation, we recommend that the County IT develop an in-house technical support unit, and/or recommend an alternative solution to reduce or eliminate the Public Administrator Office vendor dependency.

Internal Controls Over Accounts Payable

Case Managers (CM) are allowed to submit check requests, without supporting documents or a review by a supervisor or the Public Administrator, until after the checks have been printed.



General control objectives require that transactions should be executed in conformity with management's intentions. Specific authorization is given by an approval process occurring after a transaction is initiated but before the transaction is completed.

Allowing checks to be printed with signatures without review, and thus becoming fully negotiable, may allow the checks to be mailed that are not approved by management and increases the risk of invoices being paid twice or paid late. The Public Administrator believed the CMs were following written guidance however, we could find no written guidance addressing this area. This condition is somewhat mitigated by the fact that checks over \$5,000 are required to have a separate manual signature.

We recommend the Public Administrator develop and implement policies and procedures that provide and promote sound internal controls over the accounts payable process to ensure reliability and integrity of the information, and to safeguard its cash assets.

General Ledger Posting Errors

We found certain general ledger posting errors that were not significant enough to be included in this report but were reported separately in a memorandum to the Public Administrator.



APPENDIX

Management Response

Daniel Ahlstrom
Clark County Public Administrator

MEMORANDUM

Office of the Clark County Public Administrator

TO: Jeremiah P. Carroll II, Director Audit Department

FROM: Daniel Ahlstrom, Public Administrator

RE: Public Administrator Audit

DATE: 6/8/2006

Thank you for the Public Administrator Audit Report. It was a pleasure to have the professional approach taken by your staff.

The minor condition that was noted in the cover memorandum dealing with the follow-up that is needed to make sure the Finance Department is doing their job correctly when posting the monthly fees received from our office was expected. It was noted that the person that I designated to perform the review function was denied the capability because of official job title by County IT policy. I then requested a change to the official job title so that person could have proper access to the County accounting system, which was subsequently denied by the County Executive Committee. Maybe with the implementation of the new Financial System, one or both of these processes should be reviewed, so that the office can be managed and operated in the best manner with the limited personnel available.

The Audit Report pointed out the risks of our current Case and Accounting system. This is definitely an area that is of great concern. I feel that a new system should be a top priority for the County IT department. A new system should be evaluated to cover the concerns of the audit and provide a better tool with which to more efficiently and effectively manage the office processes. It should also be integrated with other offices, such as the Public Guardian, Coroner and Social Services.

Thank you for the time and effort that was put into the audit report.