



Audit Department

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



February 6, 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 Treasurer Real Property Payment Penalties, Interest, and Waiver Audit. This follow-up letter should be read in conjunction with the original audit and departmental response. 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 the real property transactions.

The auditor's role in follow-up reviews is to compile corrective actions taken from effected 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 nine findings reported during the initial audit, three have been corrected, three were not corrected, and three are awaiting legislative action. Of the three that were not corrected, we found that verification of the date payments are received is not maintained, penalty waivers are still allowed for certain Treasurer's Office qualified new homeowners and refinancing transactions, and the resolution for the revolving change bank has not been changed to clarify the cashing of checks from these funds. The three findings awaiting legislative action pertain to interest calculations, small over/under tax payment adjustments, and absorption of returned check costs. The detail of these findings and recommendations are discussed in the attached schedule.

The assistance and cooperation of the Treasurer's Office staff is recognized and appreciated.

Sincerely,

/s/ Jeremiah P. Carroll

Jeremiah P. Carroll II, CPA
Audit Director

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**CLARK COUNTY TREASURER
REAL PROPERTY PAYMENT PENALTIES, INTEREST, AND WAIVERS
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION TAKEN**

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
	<p>Receipt Number Sequence Accountability</p> <p>1 Receipt numbers are generated for each tax payment received and recorded. These receipt numbers are not accounted for sequentially during cash receipting and deposit procedures performed in the Treasurer's Office.</p>	<p>We recommend that the Treasurer's Office implement procedures that provide reasonable assurance that the information in the ASCEND application is complete in relation to receipt numbers and date order. An exception report that takes into account the prior days last receipt numbers has been developed and reviewed during the deposit reconciliation process.</p>	X			
	<p>Penalty and Interest Waiver Reconciliation</p> <p>2 The Treasurer's office has not implemented procedures to reconcile approved penalty and interest waivers on the spreadsheet to the ASCEND computer application to determine that real property tax accounts have been correctly adjusted and that all penalty and interest waivers are valid.</p>	<p>We recommend that the Treasurer's Office reconcile the penalty and interest waivers to the ASCEND computer application.</p>	X			

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
	<p>3 The Treasurer’s Office does not retain verification of the date payments are received after their reconciliation procedures are complete. Additionally, we have been informed that prior to expiration of the grace period, whatever the current date happens to be when the payment information is entered into the Tax Receiver’s records is used as the “payment date”, as no penalties or interest is due.</p>	<p>We recommend that checks received as tax payments be officially date stamped with the date received. In addition, we recommend that the date of actual receipt be entered into the ASCEND computer application. (i.e. electronic date stamping.)</p>				X
	<p>4 The Treasurer’s Office policies and procedures for penalty waivers indicate potential reasons for approving requests for waiver of penalties assessments. The first two reasons are: 1) new homeowners to Nevada and 2) · refinancing or pay-off where the mortgage company was paying and now the homeowner is paying. In our opinion, these reasons may not be appropriate in consideration of Nevada Revised Statutes (NRS) 361.4835.</p>	<p>We recommend that the Treasurer’s Office seek the advice of the District Attorney’s Office in establishing specific criteria for waiver of penalties. The Tax Commission should be further consulted in this matter. We additionally recommend that evidence that is more direct be obtained prior to approving penalty waivers.</p>				X

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			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
Interest Date Changes						
5	The interest date in the ASCEND computer application is the date used by the application to determine the penalty and interest applied to a taxpayer account. Various staff may change the interest date. The interest date change is reviewed to some extent through supervisory review of comments in ASCEND and a report that is reviewed by the Assistant Treasurer.	We recommend that late payment penalties be applied to all payments received after the grace period. Penalty waiver applications should be submitted for review to determine waiver of these charges. We further recommend that the Treasurer's office receipt and apply to the tax balance all real property tax payments that are in excess of the current installment due.	X			
Interest Calculations						
6	The current method used to calculate interest is not in accordance with NRS 361.570 2(b) that states interest should be calculated at the rate of ten percent per annum from the date due until paid. The current method was designed by the Treasurer's Office because the exact date the payment will be received is not known.	We recommend that the Treasurer's Office consider proposing legislation over interest calculation to allow for a simplified but equitable method in applying interest to late payments.				X*

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Small Over/Under Tax Payment Adjustments						
7	The Treasurer's office currently subtracts from the real property accounts, and subsequently deposits into the general fund, all overpayments in the amount of \$4.99 or less. All underpayments of \$4.99 or less are automatically discharged by ASCEND at the end of each tax year. However, there are no state statutes that specifically address small over and under payments for real property taxes. Consequently, the Treasurer does not have the authority by law to conduct these types of transactions and is not in compliance with state statutes.	We recommend that over payments be applied to the tax account or refunded upon request by the taxpayer. Underpayments should have applied penalty and interest charges. We further recommend that the Treasurer's Office consider proposing legislation to allow these small underpayments to remain a lien against the real property without taking further action towards seizure of property, pending receipt.				X*
Absorption of Returned Check Costs						
8	NSF fees are not charged back to the taxpayer, as state statutes do not have provisions for the Tax Receiver to pass these costs on. The total NSF fees charged to the Treasurer's Tax Receiver Account, excluding the fund account, totaled \$9,127 for 1,277 returned items and 1,025 return recleared checks, including NSF checks, stop payments, and other returned items. The returned checks for the fiscal year ended June 30, 2004, amounted to \$1.2 million.	We recommend that the Treasurer consider proposing legislation to allow for the charging of a fee to recover administrative costs and bank fees applicable to returned checks.				X*

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			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
9	We observed the count of three change banks and noted that one change bank was used to cash petty cash reimbursement checks for the Clark County Regional Flood Control District in the amount of \$360. In accordance with the BCC revolving change bank resolution, revised and adopted June 3, 2003, change banks shall only be used for providing change to county customers and departments. The resolution does not allow for cashing of these checks.	We recommend that county-wide procedures be adopted for cashing of county petty cash checks and other similar types of checks, and that change bank resolutions be amended to accommodate cashing of these checks.				X

* The recommendations have not been implemented due to the 2007 Legislative session not convening.