



Audit Department

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Angela M. Darragh, CPA, CFE, CISA, Director

December 23, 2013

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

Dear Mr. Burnette:

We recently performed a follow-up audit of the Public Response Code Enforcement Abandoned Property audit dated October 4, 2012. The audit objective was to determine whether adequate corrective action was taken on the findings included in the audit report. Our audit procedures were performed as of October 4, 2013.

To conclude on the objectives of our audit, we interviewed management to determine the status of corrective action taken. We reviewed ten code enforcement, six shopping cart, and four graffiti abatement cases to verify the timeliness, appropriate handling, and adequate documentation retention of each case. We also reviewed fee notices, recalculated fees, and traced fees collected to SAP. Additionally, we obtained monthly fee collection reports from the Treasurer's Office, for the period covering January 1, 2013 through June 30, 2013, and agreed amounts collected to monthly postings recorded in SAP.

Public Response-Code Enforcement took adequate corrective action on four of the seven findings reported in the original audit. The division will explore the feasibility of taking pictures of all reported violations with the Blitz and CRM projects, which are currently in progress. Code Enforcement is also developing receipts reconciliation processes and reviewing existing procedures to address segregation of duties concerns.

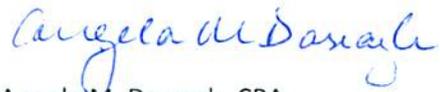
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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.

Administrative Services
Code Enforcement Abandoned Property Follow Up Audit
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We appreciate the cooperation and assistance provided by the Public Response-Code Enforcement staff during the course of this audit.

Sincerely,



Angela M. Darragh, CPA
Audit Director



AUDIT DEPARTMENT

Audit Report

Administrative Services Code Enforcement Abandoned Property Follow Up

December 2013

Angela M. Darragh, CPA, CISA, CFE
Audit Director

AUDIT COMMITTEE:

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BACKGROUND The Public Response Office, located at 2919 East Sunset Road, Las Vegas, Nevada, is the designated code enforcement agency for the unincorporated areas of Clark County. It is separated into three divisions: Animal Control, Code Enforcement, and Graffiti.

Code Enforcement (CE) responds to everything from sign violation claims to abandoned property complaints, from illegal dumping activity to zoning violation issues, as well as various other code violation reports. The division is governed by NRS 244.189 and various County Codes. Chapter 11 of the Clark County Code was established to protect and preserve residential neighborhoods from unsafe and offensive uses of property.

The majority of citizen complaints are received through voicemail and the department's website, but are also accepted via fax machine and email. An inspector will visit the site where the violation is reported to verify and document any specific violation(s). The party in violation is notified and given instructions on how to correct the situation to be in compliance with County Code. Follow-up inspections and/or coordinating clean-up efforts are performed as necessary. Any costs incurred by Code Enforcement to correct a violation are billed to the property owner. Should a property owner fail to pay the bill, Code Enforcement may begin property lien procedures.

The Clark County Audit Department performed an audit of *Public Response Code Enforcement-Abandoned Property*, dated October 4, 2012, for the period July 1, 2010 through November 17, 2011. The objectives of the audit were as follows:

To determine whether procedures are in accordance with statutes, County Code and established policies and processes in place address potential public health and safety concerns.

The results of the original audit identified that existing procedures were not consistently followed. Also, fee receipt reconciliation procedures, as well as a policy for taking pictures of all properties assessed, were needed. In addition, we noted inadequate segregation of duties and delays in processing abatement cases.

**OBJECTIVES, SCOPE, AND
METHODOLOGY**

The objective of this audit is to determine whether corrective action was taken on the findings included in the *Public Response Code Enforcement-Abandoned Property* audit report dated October 4, 2012.

Our procedures consisted of reviewing the original audit report and supporting documents, interviewing management and staff, observations, walkthroughs, examination of documentation, and performance of detailed tests and analyses. To perform detail testing, we selected 10 case files. The files were reviewed to verify that case assignments, inspections, and notices were handled timely and per departmental policy. We also reviewed fee notices, recalculated fees, and traced fees collected to SAP. In addition, we obtained monthly fee collection reports from the Treasurer's Office, for the period covering January 1, 2013 through June 30, 2013, and agreed amounts collected to monthly postings recorded on SAP. From these reports, we selected two months (and two cases from each month) and verified the timeliness of recording the fees to SAP and traced the transactions to Naviline and the case file folder. We selected two more cases from the file folders and traced the fee transaction to Naviline and SAP.

Excerpts from the original audit and management response were included in this report. The last day of fieldwork was October 4, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

Code Enforcement took appropriate corrective action on four of the seven findings reported in the original audit. Code Enforcement now retains records in accordance with County Records Retention Policy. Also, cases processing efforts and civil penalty procedures have improved. In addition, shopping cart control issues were mitigated. We do not believe sufficient corrective action was taken on three of the seven findings. Additional information on those findings is noted below.

Implementation Rate

Status of Findings	Number of Findings	% of Total
Implemented	4	57.1%
Not Implemented	3	42.9%
Other	0	0.0%
Total	7	100.0%

DETAILED RESULTS

Policy Improvement Needed

Code Enforcement policy does not require the inspector to take pictures of the property if no violation is found. Taking pictures of all properties assessed provides consistency in the inspection process as well as supporting documentation on the condition of a reported property. Code Enforcement is considering a new case management system, which they believe will likely address this recommendation.

Recommendation

1. Change departmental policy to require that pictures be taken of all properties inspected. These pictures should be placed in each related case file to document a property's current state and that an inspection was conducted.

No Receipts Reconciliation Procedures

Reconciliation between fees received by the Treasurer's Office, recorded amounts in SAP, and the information in Naviline, is not performed. In addition, the subsidiary ledgers are not consistently updated to reflect payments received. Not having a receipt reconciliation process could allow the theft of fee receipts to go unrecognized.

Recommendation

1. Develop, implement and enforce monthly receipt reconciliation procedures.
2. The procedures should include a comparison of fees received and recorded on SAP, Naviline and the Treasurer's Office.
3. Ensure that all payment activity is recorded on subsidiary ledgers.

Segregation of Duties The shopping cart retrieval process, which includes performing inventory counts, creating Naviline case files, sending notice of violations, receiving and depositing payments, salvaging carts, and closing out case files, is being handled by one employee. Adequate segregation of duties is necessary to prevent one person from having access to County resources and the ability to conceal any irregularities.

Recommendation

1. Assign a separate individual to receive checks.

MEMORANDUM

Administrative Services

JENNIFER LANCES
Assistant Director

TO: ANGELA M. DARRAGH, DIRECTOR, AUDIT

FROM: JENNIFER LANCES, ASSISTANT DIRECTOR, ADMINISTRATIVE SERVICES 

SUBJECT: CODE ENFORCEMENT – ABANDONED PROPERTY AUDIT, MANAGEMENT RESPONSE

DATE: DECEMBER 20, 2013

This memo is in response to your Abandoned Property Follow-Up Audit sent to us on October 29, 2013.

Per your request, I have met with staff to go over the findings and asked them to take immediate action or develop a plan to address each of the findings. Below please find a response for each finding.

1. No violation/no pictures

Finding: Pictures are only taken when a violation exists or when a violation has been abated. No pictures are taken when a property is deemed to have no violation(s).

Response: Currently Code Enforcement Officers photograph violations and those photographs are uploaded into Kovis. This process is not very efficient and very time consuming. Given the current technology, staffing levels, and caseload, requiring pictures to be taken where no violation is found would create a significant impact on our staff to address their current assignments. Additionally, storage space on the Kovis server is at a premium and pictures of non-violations would take up space that can be used for other purposes. However, the CRM project currently underway in ERP and the BLITZ project should address some of the concerns regarding mobile technology and make uploading pictures easier and provide more storage. Once CRM and BLITZ are fully implemented Code Enforcement will implement this recommendation.

Expected Completion: January 2016

2. Receipts Reconciliation

Finding: A reconciliation between fees received by the Treasurer's Office, what is recorded on SAP and the information on Naviline is not performed.

Response: Code Enforcement will be developing processes to review all fees collected by the Treasurer to compare them to the fees shown received in Naviline and SAP. This will allow us to ensure that all fees collected and deposited or sent for processing are handled properly and without being returned for NSF.

Expected Completion: February 2014

6. Segregation of Duties

Finding: The shopping cart retrieval process which includes: performing inventory counts, creating Naviline case files, sending notice of violations, receiving and depositing payments, salvaging carts and closing out case files is being handled by one employee.

Response: In October 2013, Code Enforcement segregated the duties as recommended by Audit staff. Code Enforcement Officers and an Admin Specialist currently handle the cart inventory and salvaging. The Admin Specialist sends notices out. Clerical staff receives the payment and process it in Naviline and process the deposit.

Expected Completion: Complete

ADMINISTRATIVE SERVICES
Code Enforcement Abandoned Property
Findings, Recommendations, and Corrective Actions Status
As of October 4, 2013



AUDIT DEPARTMENT
 Angela M. Darragh, CPA, CFE, CISA
 Audit Director

Original Report Issuance Date: October 4, 2012

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
1 No violation/no pictures							
	Pictures are only taken when a violation exists or when a violation has been abated. No pictures are taken when a property is deemed to have no violation(s).	Change department policy to require that pictures be taken of all properties inspected. These pictures should be placed in each related case file for supporting documentation and future reference.	Y	We reviewed current policies and procedures and found that pictures are still not obtained for properties with no violation. Response: The CRM project currently underway in ERP and the BLITZ project should address some of the concerns regarding mobile technology and make uploading pictures easier and provide more storage. Once CRM and BLITZ are fully implemented, Code Enforcement will implement this recommendation. Expected completion date: January 2016		✓	
2 Receipts Reconciliation							
	A reconciliation between fees received by the Treasurer's Office, what is recorded on SAP and the information on Naviline is not performed.	Develop, implement and enforce receipt reconciliation procedures. The procedures should include a comparison of fees received between information recorded on SAP, Naviline and the Treasurer's Office. Ensure that all payment activity is recorded on its subsidiary ledger.	Y	No reconciliation is currently being performed. Response: Code Enforcement will be developing processes to review all fees collected by the Treasurer to compare them to the fees shown received in Naviline and SAP. This will allow to ensure that all fees collected and deposited or sent for processing are handled properly and without being returned for NSF. Expected completion date: February 2014		✓	

3 Case Processing							
	While reviewing code enforcement cases, we found several instances where adequate information was not entered into Naviline or Kovis. We also found four cases where the most recent action within Naviline reflects a closed case. However, the case status in Naviline still shows as active. In addition, we found two instances where delays of over 21 days occurred between the inspector assignment and the initial inspection and an instant where there has been no activity in a case since May 2011. Finally, we found three instances where delays in posting receipts onto Naviline occurred and three other instances where the receipt has yet to be posted.	Require inspectors to consistently follow existing departmental policies of updating Naviline and uploading documents onto Kovis. Re-training or closer supervision over these employees may be necessary.	Y	We reviewed 6 receipt transactions and 6 shopping cart transactions with no exceptions. We also reviewed 10 abandoned property cases. Although we found delays in 4 of them, the delays were a result of the extensive nature of the abatement project. Each involved several departments, various vendors and was time consuming, all of which were outside the control of Code Enforcement.	✓		
4 Records Retention							
	In analyzing case volume for the audit period, we found that Code Enforcement did not have residential graffiti numbers for the period covering November 2009 through December 2010. The information had been gathered, but was not properly retained. Related supporting documentation was also not available for review.	Ensure that document retention guidelines are being followed.	Y	While performing detail testing of transactions, all the records that we requested were provided.	✓		
5 Civil Penalties							
	While reviewing code enforcement cases, we found eight instances where civil penalties were either never calculated or calculated in error. Per CCC 11.06.070, Code Enforcement is authorized to charge civil penalties (up to \$10,000) on abatement cases where property owners don't properly or efficiently rectify abatement issues on their properties.	Require inspectors to consistently follow existing departmental policies of calculating and charging property owners for civil penalties on abatement cases. Retrain violators of these policies or more closely monitor their activities.	Y	We performed detailed testing of fee revenue, and found no issues of civil penalties being calculated incorrectly.	✓		

6 Segregation of Duties							
	The shopping cart retrieval process which includes performing inventory counts, creating Naviline case files, sending notice of violations, receiving and depositing payments, salvaging carts, and closing out case files, is being handled by one employee.	Review the current structure surrounding the shopping cart retrieval process to ensure that adequate segregation of duties are in place.	Y	No change was made to the duties of the employee handling the shopping cart retrieval process. We recommend that Code Enforcement assign a separate individual to receive checks. Response: In October 2013, Code Enforcement segregated the duties as recommended by Audit staff. Code Enforcement Officers and an Admin Specialist currently handle the cart inventory and salvaging. The Admin Specialist sends notices out. Clerical staff receive and process payments in Naviline and for deposit. Expected completion date: Complete		✓	
7 Shopping Cart Retrieval							
	Clark County Code 11.03 authorizes CE to retrieve shopping carts left on public streets, and charge related businesses to reclaim their carts or salvage any unclaimed carts. Clark County has a contract with California Shopping Cart Retrieval Corp (CSCRC) whereby CSCRC retrieves each abandoned shopping cart and returns it to the county shopping cart yard for a fee of \$2 per cart. CSCRC has keys to the shopping cart yard. This allows them to enter the area at anytime to drop off carts. As a result, there is usually no County employee present to verify when carts are dropped off. CSCRC will then invoice Clark County for the carts it drops off.	Change the existing shopping cart retrieval process, by limiting access that CSCRC has to the cart yard. Require that deliveries be scheduled so that a county employee is present to count the carts that are being dropped off. This information should be reflected on the shopping cart inventory sheet, and compared to the CSCRC invoice when processing the bill for payment.	Y	Code Enforcement implemented the suggestions made by Audit. Clark County Shopping Cart Retrieval Corp. (CSCRC) no longer has access to the cart yard unless accompanied by a county employee. The locks to the yard have been changed and specific times established for the contractor to deliver carts to the yard.		✓	