Audit Department

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

August 21, 2013

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

Dear Mr. Burnette:

Pursuant to Audit Department policy, we performed a follow-up audit of the Comprehensive Planning Desert Conservation Program audit dated June 13, 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 June 28, 2013.

Our procedures consisted of reviewing the original audit report, conducting interviews with management and staff, examination of documentation, and performance of detailed tests of transactions. We obtained three months of Desert Conservation Program Compliance Report Month-End Summaries submitted by each permittee. We verified that system generated reports are submitted each month along with copies of the mitigation fee forms. For the month of November 2012, we traced dollar amounts and acres from the system reports to the mitigation forms to determine if all mitigation forms were submitted and complete. Additionally, we verified that reference was made to the permit number for disturbed acres that had been previously paid. Our last day of fieldwork was June 28, 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.

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 Comprehensive Planning Desert Conservation Program has taken adequate corrective action on all five findings reported in the original audit. Each permittee is providing a system generated report that can be used by Desert Conservation Program personnel to verify that the mitigation fee has been collected for each permit issued that requires payment of the fee.

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We appreciate the cooperation and assistance provided by the Comprehensive Planning staff during the course of this audit.

Sincerely,

/s/ Angela M. Darragh

Angel M. Darragh, CPA
Audit Director

COMPREHENSIVE PLANNING - DESERT CONSERVATION PROGRAM

Findings, Recommendations, and Corrective Actions Status

As of June 28, 2013

AUDIT DEPARTMENT

Angela M. Darragh, CPA, CFE, CISA

Audit Director

Original Report Issuance Date: June 13, 2012

Summary Audit Findings & Recommendations			Summary Management Response		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Action Status	Implemented	Not Implemented	Other
1	**Exempt Acres not Verified**						
	Per the MSHCP, Section 2.1.7.2, "the County shall develop a cost-effective means to provide an estimate of the number of acres of land disturbance per biennium resulting from activities not requiring payment of the development fee." As currently designed, the permittees self-report the number of exempt acres on a land disturbance mitigation fee form and submit the form to the Desert Conservation Program (DCP). The DCP tracks the number of exempt acres provided by the permittees on an Excel spreadsheet. However, the exempt acres are not verified and so they may be underreported. As program administrator, the DCP should be able to ensure exempt acres are correctly reported by the permittees. However, in this case, the DCP has to rely upon the permittees to report the correct exempt acres. The DCP has the responsibility to administer the program but has no control over whether the permittees are correctly reporting the exempted acres.	Determine whether automated reporting and payment of mitigation fees is feasible. Alternatively, the DCP should request that each permittee provide a detailed system generated report each month that lists all permits issued and permit types. This report can then be used by DCP personnel to verify that mitigation fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees.	Y	As of December 28, 2009, the DCP has stopped permittees from exempting acres. Additionally, each month the permittees are submitting the Desert Conservation Program Compliance Report Month-End Summary to the DCP. This includes a system generated report listing the permits issued during the month and includes the associated mitigation fee forms as supporting documentation. DCP staff reconcile the system report to the mitigation fee form to verify that mitigation fees have been collected for all permits for which payment of the mitigation fee is required.	✓		

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2	**Detailed Permit Listing not Required from Permittees**						
	The DCP does not have the ability to verify that all permits issued by the permittees are charged the appropriate mitigation fee as required by the MSHCP or that the permit qualifies for an exemption from the mitigation fee. The permittees self-report the mitigation fees to the DCP using an Excel spreadsheet, which does not always include the amount charged.	Determine whether automated reporting and payment of mitigation fees is feasible. Alternatively, the DCP should request that each permittee provide a detailed system generated report each month that lists all permits issued and permit types. This report can then be used by DCP personnel to verify that mitigation fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees.	Y	Each month the permittees are submitting the Desert Conservation Program Compliance Report Month-End Summary to the DCP. The report includes a system generated report listing the permits issued during the month and includes the associated mitigation fee form as supporting documentation. DCP staff reconcile the system report to the mitigation fee form to verify that mitigation fees were collected for all permits for which they are required.	✓		

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3	Mitigation Fee Data Convoluted in the System						
	Clark County Development Services uses the Sungard HTE and NaviLine system to issue and track various grading, building, electric, mechanical, and other permits. There are a total of 28 permit type codes that may trigger the tortoise mitigation fee. With so many different permit types, the tracking of mitigation fees is very complex. Additionally, within the system, there is no code set up to track development of land that would qualify for an exemption of mitigation fees under the MSHCP. Without accurate system generated reports, the DCP has to manually track the collection of fees and the number of exempt acres using a spreadsheet and the submitted mitigation form.	Meet with Development Services and determine if it is possible to accurately capture mitigation fees and exempt acre information within the system.	Y	Development Services designed a report that lists, by permit number, the gross acres, the disturbed acres, the amount paid, date paid, and a reference to the prior permit number if the mitigation fees were previously paid.	✓		

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4	**Missing Mitigation Forms**						
	As part of our detailed testing, we sampled 271 Clark County grading permit numbers from a population of 2,894 and found 43 (16%) did not have a completed mitigation form. The mitigation form is the internal control which documents the number of acres being disturbed and the collection of the $550 per acre fee. If the disturbed acres qualify for an exemption, the mitigation form reports the number of exempt acres. The control over the Clark County Development Services mitigation form for grading permits is not functioning as intended. Without completed mitigation forms, accurate records cannot be maintained to reflect the number of acres disturbed or exempted.	Request from Clark County Development Services a detailed system generated report each month that lists all permits issued by permit type. Use this report to verify that mitigations fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees.	Y	Development Services designed a report that lists, by permit number, the gross acres, the disturbed acres, the amount paid, date paid, and a reference to the prior permit number if the mitigation fees were previously paid. The report is used by DCP staff to account for all mitigation forms.	✓		

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5	Payment Missing on Three City of North Las Vegas Mitigation Forms						
	For the City of North Las Vegas, 28 out of 50 mitigation forms were missing. We also noted 25 permit numbers which stated the site was previously disturbed. However, no reference was made to the previously submitted mitigation form and so we were unable to verify if a form was submitted or payment properly received. We also found three permits for which payment and the mitigation form was not submitted. The total was $30,960. As currently designed, the DCP cannot verify that the permittee has submitted all mitigation forms or paid all mitigation fees since no system report is submitted that could assist the DCP to verify completeness of the mitigations forms. Without complete information from the permittee, the Program Administrator cannot accurately report the amount of income received and held for conservation measures.	Request from the City of North Las Vegas a detailed system generated report each month that lists all permits issued by permit type. Use the report to verify that mitigations fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees.	Y	The City of North Las Vegas provides a system generated report that lists application number, acreage, parcel number, project name, grading date, fee status, and fee amount paid. Included with the report are the mitigation fee forms to support the information on the system report. Also, payment was received from the City of North Las Vegas for the three missing mitigation forms.	✓		