



AUDIT DEPARTMENT

Audit Report

Public Administrator
Protecting Decedent Property
Follow Up

November 2013

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

AUDIT COMMITTEE:

Commissioner Steve Sisolak

Commissioner Chris Giunchigliani

Commissioner Lawrence Weekly



Audit Department

500 S Grand Central Pkwy Ste 5006 • PO Box 551120 • Las Vegas NV 89155-1120
(702) 455-3269 • Fax (702) 455-3893

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

November 22, 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 Public Administrator Protecting Decedent Property audit dated September 12, 2012. The audit objective is to determine whether adequate corrective action has been taken on the findings included in the audit report. Our audit procedures were performed as of June 20, 2013. Our procedures included performing a preliminary survey, analyses, and test of transactions on a sample basis. Our audit was conducted in accordance with generally accepted government auditing standards.

The Public Administrator has taken adequate corrective action on five of the eight findings reported in the original audit. The Public Administrator is in the process of implementing a new case management system that will likely address some of these recommendations. He is also seeking funding to purchase video surveillance equipment.

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.

A draft report was provided to the Public Administrator, and his response is included with the report. We appreciate the cooperation and assistance provided by the Public Administrator staff during the course of this audit.

Sincerely,

A handwritten signature in blue ink that reads "Angela M. Darragh".

Angela M. Darragh, CPA
Audit Director

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- BACKGROUND** The Public Administrator (PA), who is elected to serve a four-year term, oversees administration of the estates of deceased persons who have no qualified person willing and able to do so. Per Nevada Revised Statute (NRS 253.0405), the public administrator may secure the property of a deceased person if the administrator finds:
- There are no relatives of the deceased who are able to protect the property; or
 - Failure to do so could endanger the property.

Clark County Internal Audit performed an audit of the Public Administrator, dated September 12, 2012, for the period January 1, 2010, through June 30, 2011. The objectives of the audit were as follows:

To determine whether procedures are adequate to ensure the safeguarding of decedent property; established procedures are in compliance with state statutes; property is being disposed/distributed/donated in a timely and secure manner.

The results of the original audit identified eight areas that needed corrective action.

OBJECTIVES, SCOPE, AND METHODOLOGY The objective of this audit is to determine whether corrective action was taken on the findings addressed in the *Public Administrator Protecting of Decedent property* audit report dated September 12, 2012.

Our procedures consisted of reviewing the original audit report and supporting documents, interviews with management and staff, observations, walkthroughs, examination of documentation, and performance of detailed tests and analyses. To perform detail testing, we requested a report from Mission for cases that were active at some point during the follow up audit period (July 1, 2012 through April 31, 2013). We selected ten case files to review. Two of the cases chosen were selections made in the original engagement. The purpose of this was to determine the current status or disposition of those cases. We, then, selected the other eight cases from the report provided. We reviewed case file information on the Mission database, from the hard-copied files and from Access inventory logs. We confirmed the status of each case, and verified that departmental case processing procedures are being followed. We determined that each case type was appropriate based on the estate value, and that

cases (as necessary) were filed in court. We also selected one inventory item for each case (from both the warehouse and vault Access logs-as applicable) and physically verified the existence of those items. Also, where applicable, we confirmed that "auction" inventory sheets were appropriately completed whenever decedent property was retrieved for sale by Nellis Auction.

The last day of fieldwork was June 20, 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 The PA has taken appropriate corrective action on five of the eight findings reported in the original audit. The PA now has appropriate segregation of duties in place. In addition, inventory sheets for decedent property sold at auction have been consolidated and are now being reconciled, and vault property log procedures are being consistently followed. Further, the PA is in the process of implementing a new case management system that will eliminate reliance on a single individual for system maintenance and duplicate systems for recordkeeping. However, we also noted that video equipment was not installed in the vault area, jewelry continues to be recorded in bulk, and witness signatures are not always obtained on inventory forms.

DETAILED RESULTS

No Video Surveillance During the original audit, we found there was no video surveillance in place in the vault that houses jewelry and other valuables. This was still the case during our follow up observations of the area. Without video surveillance, it would be difficult to investigate theft or loss from the vault.

Recommendation

1. Install video surveillance equipment in the areas where decedent property is stored.

Separately Identifying Jewelry

During the original audit we found that jewelry collected on behalf of a decedent was periodically inventoried as one line item on the Inventory of Personal Effects Form. Any jewelry or cash collected during a follow-up visit was not placed on the Inventory Form. Rather, it was taken back to the PA vault where it was inventoried by the Executive Assistant.

During follow up testing, we noted jewelry continues to be recorded in bulk in 3 of the 10 cases reviewed. A detailed inventory of jewelry is necessary to ensure there is no theft or loss of property while in the possession of the PA.

Recommendation

1. Explore the feasibility of automating or enhancing this process with the planned new case management system.

Missing Witness Signature on Inventory Sheets

Our original audit identified errors in the initial call out visit, including a missing witness signature on inventory forms.

We reviewed 10 cases as part of our follow up testing. We found 1 case where witness signatures were not consistently obtained. Specifically, 3 of the 7 inventory sheets in the case did not have a second signature indicating that a witness verified the information. The second signature is an important tool in verifying the accuracy of the inventory form used to track assets in the possession of the PA.

Recommendation

1. Monitor staff adherence to the witness policy and provide training and education as needed to ensure compliance.
2. Explore the feasibility of automating or enhancing this process with the planned new case management system.

To: Angela M. Darragh, Clark County Audit Director

From: John J. Cahill

Clark County Nevada Public Administrator

John J. Cahill, Public
Administrator, Clark
County NV

Date: 15 November 2013



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Re: Follow Up Audit Report - Public Administrator Protecting Decedent Property, July 2013

Our thanks to you and the audit team for your work with the CCPA to guarantee the security of decedent property. The professional, positive attitude and diligence shown by Mr. Ken Diaz is noteworthy and appreciated.

In your report's order of the issues in need of further action:

Vault Video Surveillance

This item has been second only to the new CMS software in department capital requests for many years. Knowing that capital money for purchase of hardware remains scarce and that capital spending must be based on county-wide priorities, I have renewed our department's request for an updated estimate of the cost of equipment and installation of motion activated video surveillance in our PA/PG Vault. We have also recently contacted Total Safety, Inc (TSI Security) for a survey and proposal for the installation of a system managed by that private sector business. TSI now does the PA/PG building and warehouse alarm systems and 24/7 alarm monitoring. If costs allow, TSI would be a logical selection to add Vault and Warehouse Video surveillance systems.

A problem that will come with the success in the installation of a video surveillance system is "Who has the time to sit and watch video monitors?" Certainly nobody on the PA/PG staffs has extra time to watch monitors, even if those were set around on several desks. Knowing the monitoring is in place certainly has a deterrent effect, but knowing that someone is likely watching is the goal. We will explore the possibility that cameras could be configured to access the existing County WIFI system so that those cameras might be watched by anybody that can access a coded web site through an internet browser. That would allow vault activities to be observed by anybody anywhere but would not require or allow outside access to the County computer systems that could create a security issue. It is unknown what the technology will offer until a survey is complete.

It's appropriate to mention here that during the past seven years, and by memory back many years before, there has never been discovered a theft of any PA/PG personal property from the Vault or the Warehouse. The request for added security by video monitoring is a matter of reasonable improvements in guarding property. The PA/PG requested this item for an Audit analysis of our video surveillance proposal. We thank Audit for their support.

Separately Identifying Jewelry

On page 3 of the Follow Up it is noted that jewelry continues to be inventoried in bulk and a bag of jewelry with mixed costume and fine jewelry may be one line item on an inventory form, also noted is that cash collected on a follow up was not placed on the inventory form. This observation must be addressed in separate circumstances.

As was explained in the first audit report, personal property removed from a decedent residence by the Warehouse staff is not under PA control. The two Warehouse staff work for the CCPG and only the PG can direct their work. We have requested Warehouse inventory forms be completed in more detail and that request is currently under Supervisory review. PA has no choice but to accept PG judgment that Warehouse workload does not permit the time required for those two staff to document inventories in greater detail. We understand the limitations of budget and staffing as expressed by the CCPG, as exist at the CCPA, and as suffered in many or most County departments. We all do our best with the resources made available.

In the circumstance of CCPA staffs bringing into inventory mixed bags of jewelry I respectfully suggest that our next audit include attention, and more direct experience, with the field conditions in residences where decedent personal property is secured. Decedent residences are often without power, have no heating, no air conditioning, and no air exchange with the outside. The interiors may be without lighting, may contain bodily fluid residue including blood, feces, urine, regurgitates, pet droppings, soiled clothing, trash, garbage, spoiled food, and occasionally chemical health hazards. Photos document those environments. Employee health and safety is held first. Time and exposure in such conditions must be minimized. We get in and get out.

Inventory sheets are now printed with a serial number and all sheets are issued, counted, and inventoried by serial number.

Every inventory sheet must be verified by the vault manager, or staff acting as vault manager, with a witness, before it is shelved. Both staff verifying the inventory sheet initial that inventory record. In-house PA staffs are not permitted to identify fine jewelry as we do not require or train the knowledge, skill, or ability to identify or appraise jewelry items. When an appraisal is later completed by an independent and qualified appraiser all fine jewelry items are separated and listed individually on an additional document and all costume jewelry is bagged. This process and procedure satisfies the requirements of inventory for the Probate Court and is made in preparation for sale at auction as required by NRS 143.535.

Audit noted that the vault inventory is completed by the CCPA Executive Assistant. Vault inventories are completed by the Executive Assistant acting as Vault Manager with another staff member witness. Both initial the inventory sheet verification. Our CCPA Executive Assistant, the solo support position for the department, was assigned the considerable additional duties of Vault Manager when the full-time Vault Manager (MA II - paid two salary steps higher) retired in 2008 and the position was dropped from the

CCPA budget. An Audit report in the 1990's generated the PA/PG Vault Manager position and we would be pleased if this 2013 follow up audit report will again verify the necessity for this position and suggest returning the position.

We have purchased the hardware to do high definition digital photography of jewelry, coins, precious metals, and small valuable collectables that are held in the vault. We are soliciting training in the application of this technology and evaluating how it may be adopted as a part of the new PA/PG Case Management Software application. I am not optimistic we'll be able to implement this upgrading of the inventory process by digital photography without a return of a full-time Vault Manager position. Meanwhile, we'll do our best, however jewelry will continue to be secured, inventoried, logged, and held in bulk until the appraisal process establishes value and it is separated.

Continuing on page three, regarding cash not being noted on inventory forms, I knew of no instance of a failure to record paper money cash on inventory forms by either Warehouse or CCPA field staff. I have reviewed this single event that was observed by Audit. This action involved the PG Warehouse staff and was communicated to the PG and the PG Warehouse supervisor in November 2013. They have communicated back that this error has been corrected and currency will be inventoried at the residence, except for bulk coins of value less than \$1 denomination, by my exclusion. Loose coins collected at residences in miscellaneous jars, jugs, coffee cans, and containers as large as five gallon water bottles are not counted there. We have brought into the vault containers of pennies that were so heavy they had to be moved by hand truck. There is no efficiency in counting bulk loose coins in the field when the count made in the vault by the mechanical coin counter must be our official count. (Note – the cash and coin count done at the bank is ultimately the official count for any deposit. Our vault cash and coin count is subordinate to the bank deposit count. Those two counts most often match to the penny.)

Missing Witness Signatures

Lastly the issue of missing second signatures on inventory sheets submitted by field Investigators is an error in our procedures and we'll continue to train, to enforce the policy and if necessary use appropriate discipline. As a matter of explanation, not excuse, Investigator reports, inventory records, and property are often deposited at the end of a shift that was much longer than originally planned and there may be a rush to complete the duties and get off shift. The Investigator paperwork and property deposit is collected from the Investigator drop safe each business day morning. If the paperwork is missing the witness signature we could have the employee come into the office the next day and sign the sheet. Then we would never have a missing witness signature. However I prefer to keep the documents as originally submitted and to note the error. We don't secure personal property without a witness. Both sign the inventory record. If there are not two signatures, it is our error. We don't hide errors.

Public Administrator Protecting Decedent Property Follow Up
Findings, Recommendations, and Corrective Actions Status
As of June 20, 2013



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

Original Report Issuance Date: September 12, 2012

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
1	Video Surveillance						
	There is no video surveillance in place in the vault that houses jewelry and other valuables. There should be video surveillance in areas where decedent property is being stored.	Invest in and install video surveillance equipment in the areas where decedent property is stored. This may also require the periodic monitoring/review of surveillance footage.	Y	The PA will attempt to secure capital funding from Clark County this fall for fiscal year July 1, 2014 through June 30, 2015. The PA will also need to discuss coordinated resources with the Public Guardian to ensure the periodic monitoring/reviewing of surveillance footage. The PA contacted Total Safety, Inc (TSI) for a survey and proposal, and is considering monitoring options.		✓	
2	Segregation of Duties						
	The same employee collects decedent property left overnight by PA Investigators, verifies property that had been collected, has access to the physical property stored in the PA/PG vault and warehouse, and could make changes to inventory sheets and information recorded on the PA's databases. This employee is also tasked as the case manager on various smaller cases and prepares check requests for monthly revenue recordation.	Review the current operations surrounding the protection of decedent's property to ensure that adequate segregation of duties are in place.	Y	This employee now only has access to the vault and the PA receiving area of the warehouse. In addition, there are now two employees who retrieve property from the receiving area and verify such property when it is brought back to the vault. Finally, this employee is not assigned cases, and any check requests processed by this employee require supervisory approval prior to issuance of checks.	✓		

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
3	Separately Identifying Jewelry						
	Jewelry collected on behalf of a decedent is periodically inventoried as one line item on the Inventory of Personal Effects Form. It is customary for all jewelry to be stored in one bag for each decedent. This procedure was implemented in an effort to improve efficiency in the inventorying of decedent property. Additionally, any jewelry or cash collected during a follow-up visit is not placed on the Inventory Form. Rather, it is taken back to the PA vault where it is inventoried by the Executive Assistant.	<p>Review the current decedent inventory process as it relates to the recording and monitoring of jewelry.</p> <p>Itemize each jewelry piece on the inventory form or digitally record this inventory by taking pictures (or video) of each piece before being placed in a bag, storing the documentation in the electronic case file.</p> <p>Include jewelry and cash retrieved on the inventory sheet prior to transporting this property to the PA vault.</p>	Y	<p>During follow up testing, we found that jewelry continues to be recorded in bulk for 3 of the 10 cases reviewed. The PA is in the process of purchasing and installing a new case management system to replace its current Mission system. With this, we recommended that the PA discuss the feasibility of automating or enhancing this process with the new Panosoft case management system being installed.</p> <p>The PA requested that warehouse inventory forms be completed in more detail. PG has recently agreed to do so. Also, when an appraisal is completed by a qualified appraiser, all fine jewelry is separated and individually listed. In addition, the PA purchased digital photography hardware, and is soliciting training in the application.</p>		✓	
4	Initial Call Out Issues						
	Out of 25 cases reviewed, we found one case where the PA Investigator (PAI) did not obtain a witness on the Inventory of Personal Effects Form during the initial or follow-up visits to retrieve property from a decedent's residence. We found a second case where property was released to a relative but no documentation showing the relative accepted responsibility for such property. We noted a third case where pictures were taken of the premises but no property was gathered or inventoried during an initial call out. A follow up visit revealed that some of the property was missing.	Ensure that departmental policies of obtaining a second witness be followed.	Y	<p>In reviewing inventory forms during follow up testing, we found in 1 of the 10 cases where witnesses were not consistently obtained. Specifically, 3 of the 7 inventory sheets in the case did not have a second witness signature. We suggest that the PA explore the feasibility of the new Panosoft system enhancing or automating the existing process to prevent these occurrences.</p> <p>The PA continues to train and enforce existing policies and may resort to appropriate disciplinary action (as needed).</p>		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
5	IT Vendor Dependency						
	The PA's Office is dependent on its program software vendor "Mission Software, Inc." for technical support. It must call this California-based vendor or wait for his next scheduled visit (two days every other week) for any technical support, as there are no County Information Technology Department personnel with enough technical knowledge or expertise to provide the necessary system support of the Mission database.	The County Information Technology (IT) Liaison, in coordination with the Assistant PA, should perform a feasibility study to determine the risks and vulnerabilities of the PA's existing system software program and technical support needs. In addition, the IT Department should review the option of further developing an in-house technical support unit to reduce the PA's Office's vendor dependency. It should also have a complete business continuity plan in place should the case management systems become unavailable. Alternatively, the PA may consider investing in newer software to which local consultants (and/or in-house personnel) could be utilized for system	Y	A new software solution has been selected for the PA/Public Guardian case management system. ERP will be overseeing this endeavor as project manager. The estimated completion date for this project is December 2013. The accelerated completion date is necessary to ensure that the PA's case management system is Windows 7 compatible. The PA's Office is scheduled to convert to Windows 7 in April 2014.			✓

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
6	Case Processing and Recordkeeping						
	The PA uses its Mission database to record and report on information that is used in court and as supporting documentation on the value of a decedent's estate. In contrast to Access, this database only captures items of more significant value (bank accounts, retirement accounts, real estate, investments, etc.). Although items may appear in both Mission and Access, the majority (18 of 27 selections tested, or 66.7%) of property is in either one database or the other. This makes reconciling the two, as well as determining an overall estate value, difficult. In addition, only cases with property value over \$100,000 is detailed in Mission. We also found an instance where inventory was logged out of the vault per the Access inventory sheet, and returned to the vault, but never recorded as returned. With another case selection, the property could not be located to confirm its existence. Additionally, we noted delays in the processing of cases which may result in additional expenditures to the decedent's estate.	Review the two databases used to record inventory (Access and Mission) and ensure that information is recorded consistently between them. Alternatively, consider consolidating inventory information onto one system or incorporating an interface between the two. Monitor cases for efficient processing and to help ensure that existing procedures are being followed consistently.	Y	Case recordkeeping issues and enhancements will be addressed with the new Panosoft system being purchased with an estimated installation completion date of December 2013.			✓

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
7	Preparing and Reconciling Inventory Sheets to Auction Records						
	We reviewed 2 out of 10 (20%) cases where another inventory sheet was prepared months after the clean out was completed. We also found three instances where the initial inventory sheet was not prepared for several months after information was input onto a subsidiary ledger (on Access). We noted in 8 of the 10 (80%) cases reviewed that the inventory sheet did not agree with the inventory sheet prepared by the auction company. In addition, we noted one case where the auction form was not found in the case file. These two separate documents should always be prepared and reconciled.	<p>Ensure that the warehouse staff is processing information in a timely manner relating to decedent property retrieved from a person's home.</p> <p>Amend existing departmental policies and procedures relating to the retrieval of decedent property. Specifically, policies and procedures should require that the Inventory of Personal Effects form be reconciled to the auction form. Any differences or discrepancies should be researched, resolved, and documented.</p>	Y	There is now only one inventory form being used for property being retrieved for auction. The form from Nellis Auction is filled out and then signed by a Public Guardian warehouseman. The Nellis Auction Form is then cross-referenced with the auction receipt when the estate items are sold. In addition, the PA will consult with the project manager of the Panosoft installation to address further automation and streamlining of the inventory functions within the new system.	✓		
8	Vault Property Log Issues						
	Per page 2 of the PA's Vault Procedures, a witness should always be obtained when logging valuable inventory (such as jewelry and money) into the vault. However, while testing detailed transactions, we found two instances where a witness was not obtained when valuable inventory was logged into the vault.	Ensure that departmental policies and procedures are being followed and that information is being captured appropriately within the Vault Log. This may require closer scrutiny of employee performance and/or monitoring that employees are receiving periodic and adequate training for the processes they perform.	Y	In performing follow up testing of case files, we found no exceptions with vault property log transactions. Two signatures were found in every transaction reviewed. In addition, the PA will consult with the project manager of the Panosoft installation to determine the feasibility of the new system automating and controlling the vault property log functions.	✓		