



Audit Department

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

March 11, 2014

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

Dear Mr. Burnette:

We recently completed an audit of the Treasurer Tax Receiver Cash Handling Procedures. Our procedures examined internal controls in place through the last day of fieldwork, February 5, 2014. Our samples were selected from transactions during the period from July 1, 2013 to September 30, 2013. The objective of our audit is to determine whether internal controls over the cash handling process are adequate to safeguard against abuse and errors.

Our audit procedures included comparing all receipts for the audit period to amounts recorded in SAP, the County's financial system. This entailed reconciling refund, void, and other information to balance to the SAP ending balance for the Tax Receiver cash account. We judgmentally selected 25 receipts and traced these to the receipt download of receipts from ASCEND, the Treasurer's computer system. We then selected 25 tax payer payments and traced these to receipts and to property tax information to determine accuracy of recording receipts. We then traced the 25 receipts to deposits and examined all supporting documentation. These deposits were traced to bank statements. The bank reconciliations for the audit period were reviewed and adjustments to balances were traced to supporting documentation. This process included agreeing SAP Tax Receiver cash account ending balances to bank statement balances.

We then performed detailed testing on transactions. We selected 25 transactions each for voids, credit reapplies, non-sufficient funds, penalty waivers, and refunds. We also selected 5 suspense transactions for review. We obtained and examined supporting documentation for each selection, determining the authorizations, reasonableness, and validity of the transactions and whether these transactions are reasonably in compliance with applicable state statutes. We also noted whether segregation of duties existed based on users of ASCEND transactions. We reviewed recorded amounts in ASCEND noting proper application to tax payer accounts. We obtained all ASCEND user names and rights. We compared user names to employee data within SAP to determine whether the employees are active and their position. We reviewed user rights to determine reasonableness of rights and segregation of duties based on positions. We further examined ASCEND password use in accordance with Clark County Information Technology Directives.

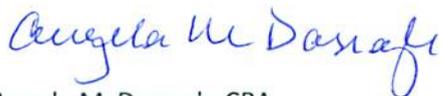
Overall, we conclude that internal controls over cash handling procedures are adequate to safeguard against abuse and errors. We did find that ASCEND password length (6 compared to required 8), password expirations (180 days compared to required 90), and the existence of a vendor generic user account are not in compliance with Clark County Information Technology Directives. We consider these findings a low risk. We recommend that the Treasurer implement policies and procedures and obtain written approval of the generic vendor user account from the County Chief Information Officer in order to comply with County directives.

For the 3 month audit period the Treasurer's Office processed 931,365 receipted transactions totaling \$530 million that include payments for multiple tax payer accounts. The Treasurer's Office is progressively using technology to simplify tax payer payment processes and facilitate County functions. We were impressed with their implementation of controls to protect taxpayer funds.

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.

A draft report was provided to the Treasurer for comment and her response is included. We appreciate the cooperation and assistance provided by the Treasurer and staff.

Sincerely,

A handwritten signature in blue ink that reads "Angela M. Darragh". The signature is written in a cursive, flowing style.

Angela M. Darragh, CPA
Audit Director

MEMORANDUM

Clark County Treasurer

Laura B. Fitzpatrick
Treasurer

Rebecca A. Coates
Assistant Treasurer

TO: ANGELA DARRAGH, AUDIT DIRECTOR

FROM: LAURA FITZPATRICK, TREASURER 

SUBJECT: 2013 AUDIT OF TREASURER/TAX RECEIVER CASH HANDLING PROCEDURES

DATE: February 27, 2014

We appreciate the Audit Department's recent evaluation of our office's cash handling procedures and the internal controls currently in place. We take our responsibility to properly handle and safeguard these assets very seriously, and welcomed the efforts of you and your staff to identify potential weakness, and recommend ways to strengthen these controls. We have reviewed the two items and concur that these are low risk. Please see our comments on the attached Audit Report Action Plan Form.

Rachael Bernal did an excellent job. She was professional, considerate of our workload, thorough in her review, and took the time to gain a full understanding of our operations. She was a pleasure to work with, and we respect her expertise and valuable feedback.

Rebecca Coates and I look forward to meeting with you and Rachael to conduct the exit interview.

CLARK COUNTY TREASURER
Tax Receiver Cash Handling Procedures Audit
Findings, Recommendations, and Management Response



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

Report Issuance Date: March 7, 2014

Finding	Recommendation(s)	Management Response & Action Plan	Due Date
1 - Password Configuration and Expiration (LOW)			
<p>Passwords are not configured in accordance with Clark County Information Technology Directives, which requires passwords be 8 characters and expire every 90 days. The application used by the Tax Receiver does not allow for a 90 day option, so all passwords are set to expire every 180 days. Further, passwords are only required to be 6 characters in length.</p>	<p>Implement policies and procedures for password expiration that meets or exceeds requirements of Clark County Information Technology Directives.</p>	<p>The Ascend system is a vendor application that has password expiration options of 30 days or 180 days. The application has password configuration requirements, but they differ from the County's IT Directive. We have submitted requests to our vendor on previous occasions to modify the application to allow a 90-day expiration option and provide stricter password requirements. To date the vendor has not made such modifications and there is no indication that they will.</p> <p>Most staff change their Ascend password when they are required to change their network password, thus meeting the 90-day requirement. Absent the necessary programming changes, it would require manual monitoring of employees to try to ensure 100% compliance, which would be inefficient. Even though the differences between the ASCEND password security features and the County IT standard have been deemed low risk, we will discuss this issue again with the vendor.</p>	<p>None</p>
2 - Generic User Accounts (LOW)			
<p>One generic user account exists for a vendor in the ASCEND application. Generic accounts may be used with the written approval of the County Chief Information Office. The Treasurer's Office has not obtained written approval.</p>	<p>Obtain written approval from the County Chief Information Officer in accordance with Clark County Information Technology Directives.</p>	<p>When the Ascend system was implemented the policy at that time only required Department Head approval for generic accounts. IT project staff understood need for use and concurred with generic user account. We are preparing a Request for Exception and will submit it to the CIO for his review/approval.</p>	<p>To be submitted to CIO by 3/7/2014</p>