



Audit Department

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

February 26, 2015

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 Decentralized Purchasing audit dated August 6, 2013. Our objective was to determine whether corrective actions were implemented to address findings included in the original audit. To accomplish our objectives, we interviewed appropriate personnel and performed detailed testing for a statistically sampled set of purchase requisitions that were processed during the period of December 1, 2013 through November 30, 2014. Our last day of fieldwork was February 13, 2015.

We found that annual quote process training was held on May 29 and June 26, 2014. Fiscal Directive 6 and purchasing procedures were reiterated to all attendees. Further, updates have been made to the quote process/procedures manual and the purchasing policies and procedures. The department is currently in the process of finalizing these updates with senior management. Changes will address quote header information, quotes involving disadvantaged business enterprises, and the analysts' responsibility for the selection of the winning quote. We believe these implemented corrective actions adequately address the findings in the original audit.

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.

We appreciate the cooperation and assistance provided by the Purchasing Administrator and purchasing team members during the course of this audit.

Sincerely,

Angela M. Darragh, CPA
Audit Director

DECENTRALIZED PURCHASING



AUDIT DEPARTMENT
 Angela Darragh, CPA, CFE, CISA, CHC
 Director

**Findings, Recommendations, and Corrective Actions Status
 As of February 26, 2015**

Original Report Issuance Date: August 6, 2013

Finding	Recommendation(s)	Corrective Action Status
1. Purchase Requisition Information Complete		
<p>For the purchase order to be created by the Purchasing Analyst, the purchase requisition should contain complete quote information and header notes. During detail testing we found 40 instances in the total test population of 175 (22.86%) where quote information attached to the purchase requisition was incomplete.</p>	<p>Provide follow-up training on Fiscal Directive 6 and purchasing procedures to assist all Clark County Departments in providing the necessary information that should be contained in purchase requisition header notes.</p>	<p>Resolved. Annual quote process training was held on May 29 and June 26, 2014. Fiscal Directive 6 and purchase procedures were reiterated to all attendees. Additionally, updates were made to the quote process and procedures manual and are currently in the process of being finalized.</p> <p>During detail testing of purchase requisitions, we found 3 instances in the total test population of 93 (3.23%) where quote information attached to the purchase requisition was incomplete. Due to the low error rate, we determined that these errors were immaterial.</p>

Finding	Recommendation(s)	Corrective Action Status
2. Disadvantaged Vendor Documentation		
<p>Throughout testing, we noted that several purchase requisitions that required one or more quotes from a disadvantaged vendor, as required by policy, did not include a disadvantaged vendor quote. Additionally, the header notes did not contain information regarding why quotes from a disadvantaged vendor could not be obtained. We found 23 instances in a population of 155 purchase requisitions/purchase orders (14.84%) where the attempt to contact or obtain appropriate disadvantaged vendor quotes was not documented in the purchase requisition header. Fiscal Directive 6 requires that disadvantaged businesses be given an opportunity to participate in the Clark County purchase process. Without proper header notes, we could not determine if departments were in compliance with County policy. We contacted departments for additional documentation not included in the purchase requisition header, but no additional information was available to support compliance with the policy.</p>	<p>Provide follow-up training on Fiscal Directive 6 to assist all Clark County Departments to provide the necessary information in the header notes to document disadvantaged business contact.</p> <p>Require that documentation of quotes be maintained in accordance with County record retention guidelines.</p>	<p>Resolved. Annual quote process training was held on May 29 and June 26, 2014. Fiscal Directive 6 and purchase procedures were reiterated to all attendees. Additionally, updates were made to the quote process and procedures manual and are currently in the process of being finalized.</p> <p>During detail testing we found 2 instances in the total test population of 93 (2.15%) where the requisition did not include a quote from a disadvantaged vendor, as required by policy. Additionally, the header notes did not contain information regarding why quotes from a disadvantaged vendor could not be obtained. Due to the low error rate, we determined that these errors were immaterial.</p>
3. Quote Process Separation of Duties		
<p>Quotes are being solicited and awarded by the same individual or group of individuals. A policy does not exist stating that there should be a separation of duties between the solicitation for quotes and selection of the winning quote. Additionally, the current policy does not require that all vendors solicited are documented in the purchase requisition.</p>	<p>Update all purchasing policies and procedures to include procedures that will separate the solicitation and awarding of the bid to different individuals within the department.</p>	<p>Resolved. During observations and inquiries with three purchasing analysts we found that selection of the winning quote is now being performed by the purchasing analyst. Additionally, updates were made to all purchasing policies and procedures and are currently in the process of being finalized.</p>