



# Audit Department

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



June 23, 2011

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 follow-up procedures on significant findings from the Real Property Management (RPM) Department Parking Office Audit dated June 24, 2010. This follow-up letter should be read in conjunction with the original audit. The follow-up procedures performed included interviews with responsible parties and an examination of related documentation. This follow-up engagement does not represent a complete re-examination of the RPM Parking Office.

The auditor's role in follow-up reviews is to compile corrective actions taken from affected Department/Division management, assess whether these responses are adequate or not adequate to correct reported deficiencies, and relay those findings to management.

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 results of our follow-up review showed that as of June 8, 2011, of the nine recommendations to our findings, all (100%) were implemented.

The assistance and cooperation of RPM Parking Office staff is recognized and appreciated.

Sincerely,

/s/ Angela M. Darragh

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

**CLARK COUNTY REAL PROPERTY MANAGEMENT  
PARKING OFFICE AUDIT**

**Findings, Recommendations, and Corrective Actions Status  
As of June 9, 2011**



**AUDIT DEPARTMENT  
Angela Darragh, MBA, CPA, CISA, CFE, CHC  
Acting Audit Director**

**Original Report Issuance Date: June 6, 2010**

Summary Audit Findings & Recommendations			Summary Management Disposition		Follow Up Status			
Ref	Finding	Recommendation(s)	Concurrence	Management Response & Action Plan	Mgmt Action Due Date	Implemented	Not Implemented	Other
<b>Lack of Control over Unused Coin Cans</b>								
1	<p>During observation of the count room, we noted unused or damaged coin cans left unsecured on one of the desks in the room. As a result, the individuals involved in the collection and count of the coins had free access to the coin cans and could tamper with or obtain unauthorized possession of the cans.</p> <p>Lack of adequate security of the coin cans reduces assurance that assets are accurately accounted for and are not tampered with, and proceeds are properly stored and safeguarded.</p>	<p>We recommend that the Parking Office implement procedures and processes to properly safeguard the devices involved in the collection and count of the coins from the Regional Justice Center (RJC) metered lot. In addition, we recommend that any unused coin cans be adequately stored to prevent unauthorized and unrestricted access.</p>	Y	<p>Unused cans and damaged count cans are now secured in the safe located in the parking garage count room. The Financial Office Specialist, Office Specialist, and the Security Supervisor are the only employees that have access to the safe. RPM will evaluate this process and will add to the Housekeeping (HSP) Standard Operating Procedures - P001 Parking Garage General Guidelines (HSP SOP - P001).</p>	06/01/2011	✓		

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<b>Insufficient Identification of Collection Equipment and Devices</b>								
2	<p><i>a) Coin Box Identifying Labels</i> During observation of the count room, we noted that not all coin boxes stored in the room had identifying labels attached to them. In addition, labels that were attached to some of the boxes were made out of paper, were not permanently attached to the box surface, and could be easily removed.</p> <p><i>b) Meter Identifying Labels</i> During observation of the RJC metered lot, we noted that not all parking meters had identifying labels attached to them. In addition, the observed identifying labels were made out of paper and could be easily removed.</p> <p><i>c) Coin Can Identifying Labels</i> During observation of the RJC metered lot, we noted that the green coin cans inside the meters did not have any identifying labels attached to them.</p>	We recommend that the Parking Office attach durable permanent identifying labels to each coin box, meter, and coin can.	Y	<p>Real Property Management (RPM) is in the process of engraving each coin box, meter and coin can.</p> <p>Audit observed the count room and the RJC metered lot on May 26, 2011, and verified that RPM had attached durable permanent identifying labels to each coin box, meter, and coin can.</p>	06/01/2011	✓		

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<b>Inappropriate Custody of Keys to Meter Equipment</b>								
3	<p><i>a) Key to Front Meter Lock</i> The Parking Office coin collectors have access to the keys to the front meter locks. The front meter locks provide access to the meter counter device, main circuit board and the batteries. Occasionally, the coin collectors provide technical maintenance to the meters. No log is used to document the maintenance performed on the meters.</p> <p><i>b) Spare Keys to Coin Collection Equipment</i> The Financial Office Specialist, stationed at the Clark County (CC) parking garage count room, maintains all spare keys to any of the equipment and devices involved in the coin collection, such as keys to meters, coin boxes, and coin cans. As a result, the Financial Office Specialist has the ability to collect and access coins from the RJC metered lot without the necessity to involve another individual.</p>	<p><i>a) Key to Front Meter Lock</i> We recommend that any technical maintenance of the meters be provided by personnel independent of the collection and count of cash proceeds from the RJC metered lot. In addition, we recommend that the Parking Office implement the use of a maintenance meter log detailing any technical maintenance performed on the meters.</p> <p><i>b) Spare Keys to Coin Collection Equipment</i> We recommend that the Parking Office place the custody of the spare keys with an individual who does not have an unrestricted access to the equipment involved in the collection of coins from the RJC metered lot.</p>	Y	<p><i>a) Key to Front Meter Lock</i> The parking office coin collectors' key access will be changed so that the coin collectors only have access to keys to the back of the meters to pull the coins. The keys to the front of the meter locks will be kept with the Security Supervisor and Assistant Manager of HSP and distributed when repairs are necessary. Maintenance on meters is performed by employees who are independent of the collection and count process. A maintenance log has been instituted to track when maintenance is performed on a meter. The log will include the date and time when work was provided, description of work and signature of individual completing work. This process is being added to HSP SOP - P001.</p> <p><i>b) Spare Keys to Coin Collection Equipment</i> All spare keys to the meters and cans were removed from the parking garage. All spare keys are kept in the Assistant Managers Office in a safe at the Government Center ensuring separation of duties. The Assistant Manager of Parking is not involved in the collection process. This process is being added to the HSP SOP - P001.</p>	6/1/2011	✓		
			Y		6/1/2011	✓		

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<b>Improper Assignment of Responsibilities for Maintenance and Repair</b>								
4	The Financial Office Specialist is in charge of handling any repairs to the coin boxes, meters, and coin cans. The Financial Office Specialist contacts the MacKay Meters distributor office and orders meter parts and/or maintenance and repair services. The Financial Office Specialist also participates in the count of the proceeds collected from the RJC metered lot.	We recommend that any receipt of ordered replacement parts and devices and any maintenance and repair of equipment used during the collection and count of the coins from the RJC metered lot be performed by individuals independent of the collection and count team.	Y	The Financial Office Specialist does not repair the meters, coin boxes or coin cans. The Parking Attendants who collect the coins from the coin boxes in the meters will report to the Financial Office Specialist, Security Supervisor or Assistant Manager that there is a meter, coin box or coin can that needs repairing. An independent employee, Skilled Trades Worker, is given keys by the Security Supervisor or Assistant Manager of HSP for the malfunctioned meter to repair what is wrong. If repairs cannot be made, and parts are needed, the Financial Office Specialist contacts the Mackay Meters distributor office and orders meter parts and/or maintenance and repair service. When the part(s) arrive, the Financial Office Specialist schedules a repair service time with the Security Supervisor so that the Skilled Trades Worker can repair the meter or be present when Mackay Meters repairs the meters. The only contact with the boxes or cans by the Financial Office Specialist is in the count room when the coins are brought in to be counted. RPM will evaluate the separation of duties and add to HSP SOP – P001.	06/01/2011	✓		

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<b>Poor Quality of Count Room Camera Recordings</b>								
5	<p><i>a) Camera Recordings of the Count Room</i> We reviewed the recordings of the security surveillance camera installed inside the CC parking garage count room for four judgmentally selected periods of time. Most of the reviewed recordings had very poor quality. In many instances, the camera was not functioning at all.</p> <p><i>b) Camera View of Coin Proceeds during Count</i> Review of the count room camera recordings disclosed that the field of view of the camera does not provide a clear view of the coin proceeds when the Parking Office employees run the coins through the counting machine.</p>	<p><i>a) Camera Recordings of the Count Room</i> We recommend that the Parking Office fix the camera in the count room. In addition, we recommend that the Parking Office regularly examine the camera for proper functioning and recording.</p> <p><i>b) Camera View of Coin Proceeds during Count</i> We recommend that the Parking Office install a camera directly above the counting machine to enable a clear monitoring of the coins during the counting process.</p>	Y	<p><i>a) Camera Recordings of the Count Room</i> An infra-red camera has been installed and observation of the coin count room can be seen when the coins are run through the counting machine. The Security Supervisor or Assistant Manager will review the count room camera to ensure camera is functioning properly on a weekly basis. This requirement will be added to HSP SOP - P001.</p> <p><i>b) Camera View of Coin Proceeds During Count</i> RPM will prepare an estimate to install a camera directly above the coin count machine. Once funding is available we will seek approval in accordance with Administrative Guideline #5 to install the camera.</p> <p>Audit verified that RPM had installed a camera directly above the counting machine in the CC parking garage count room. The camera provides a clear view of the coins during the counting process.</p>	6/1/2011	✓		
			Y		06/01/2011	✓		

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<b>Revenue from the RJC Metered Lot</b>								
6	<p><i>a) Lack of Adequate Supporting Documentation</i></p> <p>We requested to review the supporting documentation for the collection and count of coins from the RJC metered lot for three judgmentally selected days: November 6, 2007, October 21, 2008, and March 3, 2009. The Parking Office could not provide us with the supporting documentation for November 6, 2007.</p>	<p><i>a) Lack of Adequate Supporting Documentation</i></p> <p>We recommend that the Parking Office establish proper recordkeeping policies and procedures. Part of the procedures should include examples of documents involved in the collection and count of the coins from the RJC metered lot, the individual(s) responsible for preparing and keeping the records, and the period during which records be kept for examination.</p>	Y	<p><i>a) Lack of Adequate Supporting Documentation</i></p> <p>We have implemented the proper documentation procedures and have provided examples in the HSP SOP - P001.</p>	6/1/2011	✓		

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	<p><i>b) Significant Fluctuations in Coin Collections</i>  The Parking Office does not monitor the enforcement of parking rules and the frequency of issuance of parking citations.</p>	<p><i>b) Significant Fluctuations in Coin Collections</i>  We recommend that the Parking Office employees analyze the coin revenue for significant fluctuations and/or deviations from expected collection amounts. In addition, we recommend that the Parking Office monitor the enforcement and frequency of issuance of parking citations at the RJC metered lot.</p> <p>The Parking Office should consider establishing rules and regulations that will allow certain Parking Office employees to regularly perform parking enforcement and write parking citations. The rules and regulations should be authorized by the Board of County Commissioners and codified under the Clark County Administrative Code. Similar rules and regulations have been established by the Department of Aviation (DOA) to allow them to perform parking enforcement and issue citations at hte McCarran International Airport.</p>	Y	<p><i>b) Significant Fluctuations in Coin Collections</i>  RPM recognized when the RJC parking lot opened in 2006, that enforcement was a challenge. Violation notices were written but per the District Attorney, fines were not enforceable. The Department of Aviation falls under different NRS requirements.</p> <p>We have had several discussions with the City Parking Enforcement office in an attempt to have them provide enforcement, and they have always demanded a large percentage of the income from the meters. The Las Vegas Constable currently patrols the lot and issues tickets. <i>b) Significant Fluctuations in Coin Collections (continued)</i> regulations that will allow certain Parking Office employees to regularly perform parking enforcement and write parking citations.</p> <p>Inquiry from the RPM Assistant Manager on June 3, 2011 disclosed that the Parking Office has increased the security monitoring of the RJC parking lot. Every two hours, the Parking Office Security employees patrol the lot. Although they do not issue tickets, their increased presence at the lot forces customers to deposit coins into the RJC meters. The Las Vegas Constable is still in charge of patrolling the lot and</p>	6/1/2011	✓		

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	<p><i>c) No Set Schedule for Coin Collections</i> The Parking Office does not have a predetermined weekly schedule for the collection of the coins from the RJC metered lot.</p>	<p><i>c) No Set Schedule for Coin Collections</i> We recommend that the Parking Office establish a weekly schedule for the collection of coins from the RJC metered lot. The schedule should list the days of the week on which collections are to be performed. Once the dates are set, the schedule should not be changed. The meter collections should thereafter be performed according to the weekly schedule. Any deviations from the schedule should be documented and explained.</p>	Y	<p><i>c) No Set Schedule for Coin Collections</i> A weekly schedule will be established indicating that coins will be pulled between 6 AM and 8 AM every Monday thru Friday. On occasion, there is no staff available to pull coins. This will be documented on the weekly schedule. This procedure will be included in HSP SOP - P001.</p>	06/01/2011	✓		
	<p><i>d) Daily Coin Revenue Projection</i> The Parking Office does not investigate and document the reasons for any significant fluctuations of revenue and/or deviations from excepted collection.</p>	<p><i>d) Daily Coin Revenue Projection</i> The management of the Parking Office or RPM should review and analyze the daily and monthly revenue collected from the RJC metered lot. Any significant fluctuations of revenue and/or deviations from excepted collection amounts should be investigated, explained, and documented to prevent misappropriation of cash proceeds.</p>	Y	<p><i>d) Daily Coin Revenue Projection</i> RPM Assistant Manager of Facilities will review and analyze the daily and monthly revenue collected. Any significant fluctuations will be investigated and documented.</p>	06/01/2011	✓		

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<b>Revenue from the CC Parking Garage</b>									
7	<p><i>a) Lack of Segregation of Duties</i> The Financial Office Specialist handles re-check payments from private individuals that park at the CC garage during swing shift and badge distribution to these private individuals.</p> <p><i>b) No Adequate Supporting Documentation</i> The Financial Office Specialist does not make copies of the checks that she receives from the individuals parking in the CC garage. In addition, the Financial Office Specialist does not maintain a record listing the names of each individual customer, the amounts of the check payments, the check numbers, the dates the checks were received, the dates the checks were deposited in the bank account, and the dates the deposits were reflected on the bank statement.</p>	<p><i>a) Lack of Segregation of Duties</i> We recommend that the Parking Office re-evaluate the duties and responsibilities of the Financial Office Specialist to ensure proper safekeeping of assets and adequate segregation of duties. In addition, we recommend that the Parking Office install a locked drop box at the CC garage and request that swing shift parkers drop their check payments directly in the drop box. The custody of the keys to the drop box should be given to appropriate personnel to ensure that the contents of the box are secure.</p> <p><i>b) No Adequate Supporting Documentation</i> We recommend that the Parking Office establish policies and procedures to keep proper backup documents to support collection and deposit of revenue from the operation of the CC garage.</p>	Y	<p><i>a) Lack of Segregation of Duties</i> RPM will re-evaluate the duties and responsibilities of the Financial Office Specialist to ensure proper safekeeping of assets and adequate separation of duties.</p> <p><i>b) No Adequate Supporting Documentation</i> Since the original meeting with Audit at the Garage, the Financial Office Specialist makes copies of all checks and maintains them with the deposit slips. RPM will establish policies and procedures to keep proper backup documents to support collection and deposit of revenue from the operation of the County Garage. This procedure will be included in HSP SOP - P001.</p>	6/1/2011	6/1/2011	✓		

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<b>Expenses Incurred for the Operation of the RJC Metered Lot</b>								
8	The Parking Office Financial Office Specialist maintains a spreadsheet listing the expenses associated with the operation of the lot, such as office and supplies expenses, meter maintenance expenses, etc. We requested to examine supporting documents associated with meter maintenance expenses, such as purchase receipts or invoices, to evidence the expenses claimed for November 2007, October 2008, and March 2009. The Parking Office stated that it does not keep back-up records in addition to the spreadsheet.	We recommend that the Parking Office keep sufficient information to support office supplies or maintenance expenses incurred from the operation of the RJC metered lot.	Y	Since the original meeting with Audit at the Garage, the Financial Office Specialist keeps copies of all supply or maintenance expense invoices. RPM will establish policies and procedures to keep sufficient information to support supply and/or maintenance expenses incurred from the operation of the RJC metered lot. This procedure will be included in HSP SOP - P001.	06/01/2011	✓		
<b>Inaccurate Processing of Invoices from the Douglas Parking</b>								
9	The Parking Office, along with the Comptroller's Office, do not process the invoices associated with monthly expenses incurred at the Douglas surface parking lot and the Douglas parking garage properly. Current processing procedures cause the payable and expense accounts to be understated.	We recommend that the Parking Office, along with the Comptroller's Office, establish proper policies and procedures to process the invoices associated with monthly expenses incurred at the Douglas surface parking lot and the Douglas parking garage.	Y	RPM will continue to work with the Comptroller's Office to establish proper policies and procedures to process invoices associated with monthly expenses incurred at the Douglas surface parking lot and the Douglas parking garage.  Audit reviewed the two purchase orders (PO) for the payment of the bills from the Douglas surface parking and parking garage for fiscal year (FY) 2011. The invoices and goods receipts associated with the two POs are processed properly.	06/01/2011	✓		