Audit Department

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

December 1, 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 *Regional Justice Center Maintenance & Operations Fund* audit. This follow-up letter should be read in conjunction with the original audit. The follow-up procedures we performed included interviews with responsible parties and an examination of related documentation. This follow-up engagement does not represent a complete reexamination of the original audit.

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

It is management's responsibility to decide if any appropriate action should be taken in response to reported audit findings. It is also management's responsibility to assume the risk of not correcting a reported condition because of cost or other consideration.

The results of our follow-up procedures showed that all three audit recommendations were implemented.

The assistance and cooperation of county staff is recognized and appreciated.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA
Audit Director

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REGIONAL JUSTICE CENTER MAINTENANCE & OPERATIONS FUND

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

Findings, Recommendations, and Corrective Actions Status
As of November 30, 2011

Original Report Issuance Date: January 31, 2011

Summary Audit Findings & Recommendations			Summary Management Response		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
1	**State Payment to Offset Financing & Construction Costs**						
	Over $2 million in payments received from the State of Nevada from FY 2006 to FY 2010 should not have been included when calculating the State and City of Las Vegas share of RJC M&O costs. These payments were intended to offset the County's cost of financing and constructing the Nevada Supreme Court space at the RJC; they were not M&O related. Including these payments in M&O cost share calculations understates the City and State's proportionate share of costs.	We recommend that Finance no longer include in M&O cost share calculations those payments received from the State that are intended to offset the County's cost to construct the RJC. Finance should determine whether to account for these payments outside of the RJC M&O fund.	Y	Finance now accounts for these payments as Other Local Govt Shared Revenue (425000) in fund 3170.034 (RJC debt service). The payments have been removed from cost share calculations.	✓		
2	**Fund Balance Held on Behalf of the City**						
	Clark County holds a fund balance on behalf of the City of Las Vegas to provide flexibility should the City share of costs exceed the City's budgeted share of costs. However, at over $678,000, or over 43% of the City's average annual share of costs, we question whether this fund balance is greater than necessary. A target fund balance held on behalf of the City has not been established.	We recommend that Finance coordinate with the City to determine an agreed-upon target for RJC M&O fund balance held on behalf of the City and implement steps to achieve this target.	Y	A target of net assets equals 25% of budgeted expenditures has been established and communicated with City of Las Vegas. In addition, the FY 2012 budget plan for the RJC M&O fund adheres to the target.	✓		

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3	RPM Work Order System Does Not Account for Staff Crossover						
	RPM's work order system does not account for crossover if RPM staff assigned to the RJC complete work orders outside of the RJC, and staff not assigned to the RJC complete work at the RJC. The total cost impact to the RJC M&O fund from the crossovers is minimal relative to the size of annual costs. However, the potential for large or time consuming projects, and associated staff costs, to be assigned to the wrong fund exists.	We recommend that RPM develop procedures to (1) periodically examine work order data to determine whether crossovers resulted in significant costs assigned to the wrong fund, and (2) at least annually coordinate with Finance to determine if City and State M&O cost shares need to be adjusted accordingly.	Y	Staff at RPM and Finance implemented an annual procedure to account for the cost of work order and staff crossover at the RJC, and implemented the procedure accordingly for FY 2011.	✓		