



External Quality Control Review

of the
Clark County, Nevada
Audit Department

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**

for the period July 1, 2006 through June 30, 2009



Association of Local Government Auditors

August 21, 2009

Jeremiah P. Carroll, II, Director
Clark County Audit Department
500 S. Grand Central Parkway
Room 5006
Las Vegas, NV 89155-1120

Dear Mr. Carroll,

We have completed a peer review of the Clark County, Nevada Audit Department for the period July 1, 2006 through June 30, 2009. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Clark County, Nevada Audit Department internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period July 1, 2006 through June 30, 2009.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system. Finally, we would like to thank you and your staff for the courtesy and cooperation extended to us during our visit.

Susan G. Powers, CPA
Assistant County Auditor
Office of the County Auditor
Anne Arundel County

Beni Warshawsky
Audit Director
Los Angeles County
Metropolitan Transportation
Authority

Linda S. Bade, CPA
Operations Review Manager
Clark County Auditor's Office
Clark County, Washington



Association of Local Government Auditors

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Jeremiah P. Carroll, II, Director
Clark County Audit Department
500 S. Grand Central Parkway
Room 5006
Las Vegas, NV 89155-1120

Dear Mr. Carroll,

We have completed a peer review of the Clark County, Nevada Audit Department for the period July 1, 2006 through June 30, 2009 and issued our report thereon dated August 21, 2009. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to make few overall comments in the areas in which we believe your office excels:

1. Your staff is excellent. They are both highly trained and diligent in their audit performance.
2. Your workpapers are very well organized. They were readily accessible and easy to follow.
3. Your reports make good use of graphics. The Information Technology reports, in particular, are well written, concise, and well organized.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

Policies and Procedures

Policies and Procedures and related forms need to be expanded to address all generally accepted government auditing standards (GAGAS). We found the following policy and procedure areas for improvement:

Standard	Issue
External specialists assisting in performing a GAGAS assignment must be qualified (GAGAS 3.49)	No policies or procedures address this standard.
Deficiencies in audit evidence found after report issuance must be reported to those charged with governance and appropriate parties. (GAGAS 8.07)	No policies or procedures address this standard.
Cite compliance with GAGAS in report when all applicable requirements are followed, disclose when not followed. (GAGAS 8.08, 8.30-8.31)	Existing policy does not include compliance language required by GAGAS.

Independence

Policies and procedures require staff to complete an independence questionnaire/statement annually. We recommend that, at the beginning of each assignment, the supervisors confirm the independence status of each auditor in addition to maintaining the annual independence questionnaires/statements.

Planning

The risk assessment document does not have a section that specifically discusses fraud. We recommend that an additional section be included that focuses on fraud and illegal acts.

Documentation

We noted several cases where documentation could be enhanced:

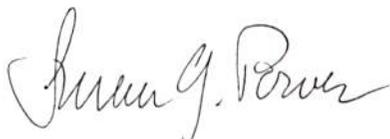
1. Two cases of suspected fraud were forwarded to the D.A.'s office but not documented in the file.
2. Independence questionnaires were not completed for two auditors within the required timeframe. However, nothing came to our attention to indicate that the auditors were not independent.
3. Non-audit services files did not indicate that the organization considered impacts on independence but we noted no independence issues.
4. CPE files for three employees were not current and did not contain supporting documentation. During the course of the peer review, employees updated the files and provided supporting documentation.

Reporting

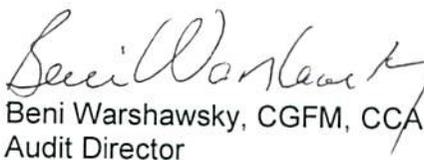
The audit reports summarized and listed their findings in accordance with standards; however, in most cases conclusions related to the audit objectives were not clearly addressed. We recommend that a conclusion section be inserted in the report which addresses the audit objectives in order to better communicate the results of audit.

We offer our thanks to you and your staff for the hospitality and cooperation extended to us during our review.

Sincerely,



Susan G. Powers, CPA
Assistant County Auditor
Office of the County Auditor
Anne Arundel County



Beni Warshawsky, CGFM, CCA
Audit Director
Los Angeles County
Metropolitan Transportation
Authority



Linda S. Bade, CPA
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Audit Department

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Jeremiah P. Carroll II, CPA, Director • Charles W. Kendall, CPA, Audit Manager

A CENTURY OF SERVICE



September 2, 2009

Susan G. Powers, CPA
Team Leader
Peer Review Team
Assistant County Auditor
Anne Arundel County
44 Calvert Street Box 2700 Lower Level
Annapolis, MD 21401

Dear Ms. Powers:

On behalf of the Clark County Audit Department, I want to thank you, Beni Warshawsky, and Linda Bade, acting on behalf of the Association of Local Government Auditors (ALGA), for the time and effort you all have put into this review. Your close examination of our processes and procedures, especially since the standards have been revised, and your comments for improvement will obviously advance our efforts to deliver a quality product to our governing board and citizenry.

Your issuance of an unqualified report is the highest tribute that can be bestowed on a government audit department. Its meaning assures the public of high quality audits as well as transparency in government. We are honored to have received it.

With regards to your management letter, we agree with the findings:

Policies and Procedures

While we believe we were implementing the guidelines and had appropriate checklists in place for certain standards, we wholeheartedly agree we should have policies in place for the standards you mention in your management letter. We will immediately prepare policies for the three standards identified in the letter.

Independence

Although we have staff complete independence forms each year, two staff members did not complete the proper paperwork in one of the three years under review. We agree with your recommendation that supervisors confirm the independence status of each auditor in addition to maintaining the annual independence questionnaire/statements. We have already taken steps to include the confirmation in our checklist and in our audit assignment form.

Planning

A risk assessment document is prepared for each audit. As part of that risk assessment we evaluate the following items: Significance and Sensitivity, Susceptibility, "Red Flags", Management Support, and Competence of Personnel. In the past, we have included fraud and illegal acts in with the "Red Flags" area. We agree with your recommendation that an additional section be evident that focuses on fraud and illegal acts. We have already taken steps to include a Fraud and Illegal Acts risk to the risk assessment document.

Documentation

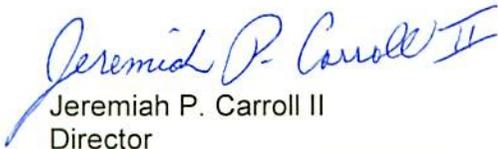
The peer review team noted several areas where documentation could be enhanced. We agree with your recommendation and we will take steps to improve documentation in the files in the following areas: Notification to the District Attorney of suspected fraud, independence questionnaires, independence on non-audit services, and maintaining current CPE requirements documentation.

Reporting

We agree that some audit objectives were not clearly addressed, especially in areas where findings were not found. We have addressed this finding with the audit staff. We will take steps to insure that all audit objectives are addressed in the body of the report.

Once again, I wish to thank you and ALGA for lending your expertise in performing a Peer Review on the Clark County Audit Department.

Sincerely,



Jeremiah P. Carroll II
Director
Clark County Audit Department

cc: Matt Weller, ALGA Peer Review Coordinator