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AUDIT REPORT



Purchasing,
Finance, and RPM
Fully Resolved All
Findings from the
Original Fiscal
Directive 6 Audit

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Purchasing, Finance, and RPM Fully Resolved All Findings from the Original Fiscal Directive 6 Audit

Audit Executive Summary

October 29, 2025

Background

In April 2023, we audited purchasing and contract activities of Clark County departments to determine compliance with Fiscal Directive 6 - Purchasing and Contract Administration.

We identified the following six findings in the original audit report:

- A lack of oversight of non-purchase order payments (High Risk);
- Procedures governing purchasing and contracting activities were not formally documented (High Risk);
- Purchasing policies and procedures were not being followed (High Risk);
- Controls to minimize contract changes without formal approval needed strengthening (High Risk);
- Real Property Management's contract change directive allowed work to commence prior to obtaining board approval (High Risk); and
- Periodic SAP vendor account reviews were not performed (Medium Risk).

Why We Did This Audit

We conducted this audit to determine if corresponding departments (Purchasing and Contracts, Finance, and Real Property Management) implemented corrective actions to resolve the original audit findings.



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What We Found

All six findings from the original audit were fully resolved.

Some of the implemented corrective actions include:

- Quarterly reviews of non-purchase order payments for compliance with FD6;
- Updated policies and procedures covering after-the-fact purchase orders, contract changes, and contract ratification;
- Enhanced purchasing training, including for purchase requisitioners;
- Updates to RPM's contract change procedures; and
- Semi-annual review of the SAP vendor listing to deactivate duplicate accounts.

We conducted testing to determine the status of the original audit findings. See the audit report for details.

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Background

In April 2023, we audited purchasing and contract activities of Clark County departments to determine compliance with Fiscal Directive 6 - Purchasing and Contract Administration.

Fiscal Directive 6 is the County's directive for ensuring that all purchasing and contracting activities are in compliance with Nevada Revised Statutes, specific orders of the Board of County Commissioners, and other applicable laws.

The County's purchasing and contracting functions are centralized within the Finance Department's Purchasing and Contracts Division.

This Division serves as the lead administrator for Fiscal Directive 6, supporting departments with routine purchase orders to complex bid solicitations for major construction projects.

Our original audit reviewed County purchases for a three-year period to identify exceptions to Fiscal Directive 6 and address risks to compliance.

We identified the following six findings in the original audit report:

- A lack of oversight of non-purchase order payments (High Risk);
- Procedures governing purchasing and contracting activities were not formally documented, including after-the-fact purchase orders (purchase orders for items already purchased or received) (High Risk);
- Purchasing policies and procedures were not being followed (High Risk);
- Controls to minimize contract changes without formal approval needed strengthening (High Risk);
- Real Property Management's contract change directive allowed work to begin prior to obtaining board approval (High Risk); and
- Periodic SAP vendor account reviews were not performed (Medium Risk).

Objective

The objective of this audit was to determine if corresponding departments (Purchasing and Contracts Division, Finance, and Real Property Management) implemented corrective actions to resolve the original audit findings.

Conclusions

We found that all six findings in the original audit were fully resolved.

Purchasing and Contracts Division, Real Property Management (RPM), and Finance implemented the following corrective actions:

- Finance updated the exceptions listing for non-purchase order payments in the most recent issuance of Fiscal Directive 6.
- Finance implemented a quarterly review of non-purchase order payments.
- Purchasing and Contracts Division adopted or updated written policies including after-the-fact purchase orders, contract changes, and contract ratifications.
- Purchasing updated available training materials.
- Purchasing and Contracts Division is documenting after-the-fact purchase orders and contract ratifications on a quarterly basis.
- Real Property Management updated their contract work change policies and procedures to ensure changes receive the appropriate Fiscal Directive 6 approvals prior to commencing work.
- Finance implemented a twice-year review of the SAP vendor listing; disabling duplicate and inactive vendors.
- Finance implemented a process to ensure that 1099 reporting¹ includes vendors with multiple entries (due to payment addressing) whose individual payments do not exceed thresholds but collectively require reporting.

Findings are rated based on a risk assessment that takes into consideration the circumstances of the current condition including compensating controls and the potential impact on reputation and customer confidence, safety and health, finances, productivity, and the possibility of fines or legal penalties. It also considers the impact on confidentiality, integrity, and availability of data.

¹ Under IRS rules, 1099 reporting requires businesses and other entities to inform the IRS and payees about certain payments made during the year that are not wages.

6 of 6 Original Audit Findings Have Been Fully Resolved

5 of 5 High Risk Findings Fully Resolved



High risk findings indicate an immediate and significant threat to one or more of the impact areas.

1 of 1 Low Risk Findings Fully Resolved



Low risk findings are typically departures from best business practices or areas where effectiveness, efficiency, or internal controls can be enhanced. They also include issues that would be considered high or medium risk if alternate controls were not in place.

Appendix A: Audit Scope, Methodology, and GAGAS Compliance

Scope

The audit covered the period from July 1, 2024, through August 31, 2025. We considered processes in place as of July 1, 2025. The last day of field work was September 8, 2025.

Methodology

To accomplish our objectives, we performed the following procedures:

- Obtained the most recent Fiscal Directive 6 (*effective 1/27/2025*) to confirm changes to the exceptions listing.
- Identified 316 vendors that had both purchase order payments and non-purchase order (non-PO) payments for the second half of fiscal year 2025, then used professional judgement to select 100 of these vendors. The non-PO payments were then reviewed to determine whether the payment was appropriate based on Fiscal Directive 6.
- Met with Clark County Chief Financial Officer to confirm the review and treatment non-PO payments, including follow-up on potential exceptions to Fiscal Directive 6.
- Obtained material provided by Finance for training of new department Directors and confirmed the material included compliance with Fiscal Directive 6 and related statutes.
- Confirmed that Purchasing and Contracts Division has written policies addressing after-the-fact purchase orders, contract changes, and ratification procedures.
- Obtained Purchasing and Contracts Division training materials for quote training to determine whether the material included the following topics:
 - Quote requirements
 - Use of disadvantaged vendors
 - Use of quote forms
- Verified that the above-mentioned policies/forms are available to County employees via the Purchasing and Contracts Division intranet site.
- Used professional judgement to select 5 after-the-fact purchase orders (*out of 46 reported by the Purchasing and Contracts Division for 4th quarter FY2025,*) to determine whether the purchase order complied with the established after-the-fact purchase order policy.
- Used professional judgement to select 10 purchase orders (*out of 1,252 for 4th quarter FYE 2025*) to determine whether the purchase order complied with all Fiscal Directive 6 requirements.

- Obtained evidence that Purchasing and Contracts Division is identifying departments (*quarterly*) that are approving purchase order/contract changes without following established procedures.
- Used professional judgement to select 15 contract changes reported in 3rd and 4th quarters of FYE 2025 (*out 116*) to determine whether the contract changes included the documentation required by Purchasing and Contracts policy.
- Reviewed the Real Property Management (RPM) Change Order Directive and Contractor Contingency Allowance procedures, to verify that it meets the requirements of Fiscal Directive 6.
- Reviewed the only Construction Change Directive change order processed by RPM within our audit period to determine whether:
 - The change order was approval by RPM management;
 - Purchasing and Contracts Division was provided documentation of the change order; and
 - The change order did not require additional approvals based on FD6 thresholds.
- Confirmed the existence of a documented policy for a semi-annual review of the SAP vendor list to identify duplicate vendor accounts. Also obtained evidence that the most recent review was performed.
- Confirmed existence of documented policy for the annual Internal Revenue Service 1099 reporting process and evidence of the most recent review.

While some samples selected were not statistically relevant, we believe they are sufficient to provide findings for the population as a whole.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal control are included in the detailed results.

Standards Statement

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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. Our department is independent per the GAGAS requirements for internal auditors.