

**CITY OF LAS VEGAS AUDIT OVERSIGHT COMMITTEE**  
**City Hall, 400 Stewart Avenue**  
**Las Vegas, Nevada 89101**  
**City Manager Conference Room, Eight Floor**  
**City of Las Vegas Internet Address: <http://www.lasvegasnevada.gov>**

**AGENDA**

**April 19, 2007**  
**10:00 AM**

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE. UNLESS OTHERWISE STATED, ITEMS MAY BE TAKEN OUT OF THE ORDER PRESENTED AT THE DISCRETION OF THE CHAIRPERSON.

DUPLICATE AUDIO CDS MAY BE AVAILABLE AT A COST OF \$5.00 PER CD THROUGH THE CITY CLERKS OFFICE.

1. [CALL TO ORDER](#)

Minutes: Chairman Kern called the meeting to order at 10:02 a.m. ; 10:02 AM

Minutes: Attendance:

Chairman Michael Kern

Vice-Chairman Larry Brown

Member Jose Troncoso

Member Paul Workman (excused at 11:30 a.m.)

Orlando Sanchez, Deputy City Manager

Terri Ponticello, Chief Deputy City Attorney

Radford Snelding, City Auditor

Bryan Smith, Sr. Internal Auditor

Bill Cimo, Sr. Information Technology Auditor

Bonnie Mocek, Internal Auditor II

Nancy Beaty, Internal Auditor II

Phillip Marmurowski, Internal Auditor I

Mark Vincent, Director, Finance and Business Services

Paul Wilkins, Director, Building and Safety Department

Mike Hougen, Manager, Information Technologies

Beverly K. Bridges, Acting City Clerk

Stacey Campbell, Administrative Secretary, City Clerk's Office

; 10:02 AM

Minutes: Excused: Member Steve Wolfson; 10:02 AM

Minutes: Chairman Kern announced that Councilman Steve Wolfson would be replacing former Councilman Lawrence Weekly on the committee. Councilman Wolfson was excused from attending this meeting as he had a prior commitment. Chairman Kern also indicated Member Workman would be excused from this meeting at 11:30 a.m.; 10:02 AM

2. [ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW](#)

Minutes: Chairman Kern announced the meeting had been properly noticed and posted in compliance with the Open Meeting Law.; 10:02 AM

3. [Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of November 21, 2006](#)

Motion made to Approve the Final Minutes by reference of the Audit Oversight Committee Meeting of November 21, 2006 made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: There were no corrections or additions.; 10:02 AM

4. [Discussion and possible action on the appointment of the Chairperson and Vice Chairperson for Calendar Year 2007](#)

Motion made to Approve the appointment of Michael Kern as Chairperson for the Calendar Year 2007 made by LARRY BROWN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Motion made to Approve the appointment of Larry Brown as Vice Chairperson for the Calendar Year 2007 made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Chairman Kern stated Councilman Brown was a complimentary addition to the Audit Committee. ; 10:02 AM

5. [General Report by the City Auditor](#)

Minutes: City Auditor Rad Snelding explained that the lead auditor for the City Manager's Office Video Services audit is Bryan Smith and it is in the fieldwork stage at this time. Nancy Beatty is working on Building Services Permit Division Audit, which is in the reporting phase. She is also handling the Fire and Rescue Fire Prevention/Investigation Audit, which is in the planning phase. Mr. Snelding explained that Ms. Beatty is also in charge of the Human Resources Personal Services Information Systems and Records Audit; however, since no auditor is assigned more than two active audits, it is currently on hold. ; 10:05 AM

Minutes: Phillip Marmurowski is working on the planning phase of the Finance Department's Accounting-Travel Audit. The Citywide software Audit is also being handled by Mr. Marmurowski and although it is currently on hold, he'll begin working that audit soon as he has two reports being reviewed during this meeting. ; 10:02 AM

Minutes: Mr. Snelding indicated Bill Cimo is handling the Credit Card Receiving Audit but it is on hold awaiting additional work to be done by an outside party. He concluded by saying Gary Phillips is working on four investigations and two control reviews were completed and issued. ; 10:02 AM

Minutes: Mr. Snelding invited all members of the committee to visit the City Auditor's new offices located at Plaza level next to Purchasing. ; 10:02 AM

Minutes: Chairman Kern complimented Mr. Snelding on his leadership qualities.; 10:08 AM

6. [Report and possible action on the Quantification of Savings related to the implementation of Audit Reports](#)

Motion made to Approve and accept the City Auditor's report on Quantification of Savings related to the implementation of Audit Reports made by LARRY BROWN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding explained that during the last Audit Committee meeting, he was directed to begin reporting on any identified monetary savings that result from the implementation of proposed recommendations. An effort to report information in this manner was made in 2001 and staff is currently in the process of identifying those savings for audits completed since that time. ; 10:10 AM

Minutes: Audit staff intends to bring back to the Committee identified monetary savings in various categories to include: hard dollar savings, soft dollar savings, areas where savings are probable but not easily determined, and intrinsic improvements where specific savings cannot be identified. At the next Audit Committee Meeting a pro forma report will be presented for committee approval. ; 10:02 AM

Minutes: Chairman Kern asked if the reports would be provided to the City's outside auditors as well. Mr. Snelding indicated they would. ; 10:02 AM

7. [Discussion and possible action on Audit of Metropolitan Police - Funding](#)

Motion made to Approve and accept the report with direction to staff to gather more information and report back to the committee with estimates for scope of work and costs made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding explained the objectives of this audit were to review the funding formula utilized by Metro in assigning the portions of their budget to be paid by the various governmental entities within Clark County. ; 10:10 AM

Minutes: When starting this audit, staff met with representatives of Metro and gathered some preliminary data. Prior to commencing fieldwork, Metro representatives stated that they wanted Clark County to be involved in this audit so as to alleviate a conflict should the audit determine that either the County or the City paid a disproportionate share. ; 10:02 AM

Minutes: Mr. Snelding had previously contacted Jerry Carroll, County Auditor, who stated that the County would like to participate in an audit. Mr. Snelding suggested that an independent audit firm provide the services. That firm would be given an audit program developed by both the County and City Auditors. The fee for the audit would be shared between the entities. ; 10:02 AM

Minutes: Mr. Carroll recently said he would check with his Finance Department to see if they could participate in the audit. Mr. Snelding stated he would notify the committee once he hears the final determination from Clark County. He noted that he may not have enough money in his budget to proceed with this audit because of the expense of contracting out. He will keep the committee apprised of that issue. ; 10:15 AM

Minutes: Member Brown recollected that what initiated discussion on this item was a desire to find a comfort level with the formula and be assured it is consistent. Mark Vincent, Director, Finance and Business Services, stated the formula is set by NRS and it is slightly complicated. It relies on statistical information such as calls for service, felony arrests etc. It is important to assure the proper jurisdiction is being credited for those calls for service. That is important because different factors apply to different portions of Metro's budget. Changing demographics produce different results in Metro's budget. Of the last four years statistics have been in our favor. Our percentage points have shrunk 4 points in the last 7 years. ; 10:20 AM

Minutes: Mr. Snelding could not estimate costs on this audit. He did confirm the outside audit firm will be found through a Request for Proposal (RFP). Chairman Kern asked if this requires approval by City Manager's Department or Finance and Business Services Department. Mr. Snelding said the cost would determine who would have to get involved. ; 10:02 AM

Minutes: Chairman Kern stated he did not think the committee should approve moving forward if other departments need to review and approve estimates first. He also directed Mr. Snelding to prepare a budget estimate regarding man hours required to complete such an audit if it were done by City personnel. Mr. Snelding said the first step is to find out if the County can participate. Mr. Snelding promised to keep the informed on the status of this item. ; 10:02 AM

Minutes: Chairman Kern disclosed, as he has done in the past, that he was the campaign treasurer for the sheriff. He wanted to make sure everyone was aware of that relationship as the matter comes before the committee. Deputy City Attorney Teresita Ponticello stated there is no need for disclosure at this time. If there is an issue of conflict in the future it will be addressed at that time. ; 10:15 AM

Minutes: Mr. Snelding also added that one of the concerns by staff early in this process related to the integrity of the data. He asked that the outside audit firm hired for this, should it come to fruition, be allowed to look into that aspect as well.; 10:02 AM

8. [Report and possible action on the status of legal action related to the Misuse of a Purchase Card \(P-Card\) in the Information Technologies Department](#)

Motion made to Approve and accept the report on the status of legal action related to the Misuse of a Purchase Card (P-Card) in the Information Technologies Department made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding reported that at the last Audit Committee Meeting, while reviewing the Internal Control Review Activity Report June 30, 2006, the committee asked the status of legal proceedings related to the misuse of a P-Card in the IT Department. The defendant has been prosecuted in District Court. She was adjudged guilty and was ordered to pay restitution of \$6,513.60. She was sentenced to a maximum of 30 months and that sentence was suspended, placing her on probation. ; 10:20 AM

Minutes: Member Workman asked if restitution had been made. Mr. Snelding explained a condition of her probation involves the payment of monthly installments in the amount of \$297.00 during the first twenty-two months. Not making these payments would revoke her probation. Mr. Snelding verified one of his staff members has investigated and confirmed the City is receiving payments. ; 10:22 AM

9. [Report and possible action on the status of the implementation of the recommendations and delivery of the same to the City Auditor's Office](#)

Motion made to Approve and accept the report on the status of the implementation of the recommendations and delivery of the same to the City Auditor's Office made by LARRY BROWN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding stated that during the last Audit Committee Meeting, while reviewing the Audit of The Single Family Residential Rehabilitation Program, Stephen Harsin, Director of the Neighborhood Services Department was asked to deliver documentation related to the implementation of recommendations to the City Auditor's Office. Mr. Harsin did in fact deliver the documentation as requested in the specified time period. The information was accepted by the Audit Department and the recommendation is now considered complete.; 10:23 AM

Minutes: Chairman Kern questioned the substance of the report. Mr. Snelding indicated all the recommendations were accepted and implemented as requested. ; 10:02 AM

10. [Report and possible action on Durango Hills Golf Course Management Contract - Sales Tax Collection and Remittance](#)

Motion made to Approve the report on Durango Hills Golf Course Management Contract - Sales Tax Collection and Remittance and refer the matter to City Attorney's Office to make a determination as to propriety of next move made by LARRY BROWN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding reminded the Committee that the subject item was being addressed by the City Attorney's office at the time of the last meeting. The Attorney's office was asked at that time to come back with a status report during this meeting. Deputy City Attorney Teri Ponticello was present with that report. ; 10:02 AM

Minutes: Ms. Ponticello apologized for Mr. Redlein's absence. He was attending the International Municipal Lawyers Association in Washington DC.  
; 10:25 AM

Minutes: Ms. Ponticello explained that, as requested at the last audit meeting, Mr. Redlein had come up with two options available to the City to facilitate getting the \$100,000 reimbursed from IRI. IRI did make a request to the State but the State will not make the reimbursement payment. The first option, the City can sue IRI for the overpayment or second, he needs to research the city suing the state. A suit of that nature could be complicated because the City did not actually make the overpayment but would be a primary beneficiary of the contract with IRI. ; 10:02 AM

Minutes: Mr. Redlein would like to be able to complete more research because of the amount of money involved and the costs of recovery.; 10:27 AM

Minutes: Chairman Kern stated the issue has been addressed by council and it should be left to them to decide the course of action. He felt it was not the responsibility of the Audit Department to determine action but to identify issues and alert council of the situation(s). Now that the issues have been identified, he thought the item should be closed and turn it over to the appropriate department, which in this case would be Council, and let them decide if it should be forwarded to the City Attorney's office.  
; 10:02 AM

Minutes: Mr. Snelding explained the original concern was to have the City Attorney find out the legal status on the recommendation. Attorney could then recommend that Audit notify the City Manager's Office or Council, whichever one was felt to be more appropriate. ; 10:28 AM

Minutes: Chairman Kern did not feel that the committee was in a position to assess risk benefits relating to legal proceedings. That responsibility is best left with the City Attorney's office. The Committee is responsible for drawing attention to the fact that the City is being unfortunately burdened for loss of sales tax or notify that the contract may not have been written properly etc. And now, that has been done. ; 10:02 AM

11. [Report and possible action on Durango Hills Golf Course Management Contract - Sales Tax for Purchases](#)

Motion made to Approve and accept the report on Durango Hills Golf Course Management Contract - Sales Tax for Purchases made by LARRY BROWN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Ms. Ponticello informed the committee that Deputy City Attorney John Redlein has contacted the District Attorney Office directly and explained the situation not only as it pertains to Durango

Hills, but other similar situations where City is the owner of property and equipment etc. The Attorney General's Office has never had this type of issue so it is an unsettled area. They are working with the State Department of Taxation and will respond directly to Attorney Redlein once resolved. At that time, Attorney Redlein will bring this item back before the committee. ; 10:31 AM

Minutes: Mr. Snelding found this news to be positive. It is possible the City's sales tax exemption status may be protected in this case. ; 10:31 AM

Minutes: Chairman Kern felt this issue was now beyond the scope of the Audit Committee and being in the appropriate hands with the City Attorney's Office, the item should be accepted and closed. ; 10:02 AM

## 12. [Report and possible action on Durango Hills Golf Course Management Contract - Property Tax](#)

Motion made to Approve and accept the report on Durango Hills Golf Course Management Contract - Property Tax made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Ms. Ponticello explained that the City Attorney's Office has done considerable research on this property tax issue. Since the last meeting, Mr. Redlein contacted the District Attorney's Office. He is working with them hoping they will see some light and reconsider their point of view that our exemption does not hold. If they do not change their point of view, we may have to challenge them legally. ; 10:34 AM

Minutes: Mr. Snelding commented that these three related issues will continue to incomplete until there is closure or resolution on these items. Chairman Kern felt that was appropriate and noted the outcome of these items could impact other similar contract issues in the future.; 10:35 AM

## 13. [Report and possible action on Parking and Enforcement and Collections - Delinquent Parking Citation Collection Program - 1999 Outstanding Balance](#)

Motion made to Approve and accept the report on Parking and Enforcement and Collections - Delinquent Parking Citation Collection Program - 1999 Outstanding Balance made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mark Vincent, Director of Finance & Business Services, explained that in 2004, the Cardinal System replaced a very archaic system and collection process. As of this meeting, there was approximately 20 million dollars in outstanding parking fines and penalties. The penalties alone would comprise about 60 percent of the total. Approximately 12 million dollars of that total, would be fines/penalties incurred prior to the implementation of the Cardinal System. Since September of 2005, there has been approximately 3 million dollars in new outstanding fines and approximately 4.6 million in penalties and fees. ; 10:39 AM

Minutes: Mr. Snelding noted that this item resulted from a request by the Audit Committee for a status report on the 1999 outstanding balance collection effort.; 10:38 AM

Minutes: Mr. Vincent told the committee that collection efforts are dismal, with a collection rate of only 3 percent of the outstanding balances. He felt that by waiting so long to submit delinquencies to the DMV and to the collection agency, opportunities are missed to catch violators prior to registration tag expiration. The tickets are associated with the vehicle, not the driver or owner of the vehicle. The City should submit delinquent tickets to the DMV and collection agency when the ticket becomes delinquent. ; 10:40 AM

Minutes: He noted that 85 percent are tickets issued to Nevada residents. The City does have agreements in place that allow us to hold up license plates or registration on ticketed vehicles; however, the City's former policy was to wait until only 90 days prior to the expiration of said license plate. At that time, the Department of Motor Vehicles (DMV) would then hold the request for 24 months. City policy was also to wait 24 months before sending the tickets to a professional collection agency. ; 10:02 AM

Minutes: While he was unsure the City could do better with the policy for the DMV, Mr. Vincent did report that he was unhappy with collection agency results. The company being used, Credit Bureau Central, which was selected on a competitive basis, is collecting around 3 percent. Comparatively the DMV system collects about 28 percent. He suggested the City should secure the services of a collection agent with a background in parking ticket collections. ; 10:42 AM

Minutes: Vice-Chair Brown questioned if any justification had been offered regarding the low collection rate. Mr. Vincent replied that to his knowledge, they have not been questioned about it. He stated using a collection agency is new process and much of the debt sent to them was already aged. To be fair, they did have large amounts of stale tickets referred to them for collection; however, Credit Bureau Central is not an experienced ticket collection agency. Member Workman noted that if the data sent to the agency is accurate, that number does seem low even if the debt is old. He felt taking the process to an agency that works with this type of collection would be good. ; 10:44 AM

Minutes: He stated the City will have problem in having 12.5 million dollars in tickets and fines which are 4 years old or older. With debt that old, it could be hard to get any collection agency interested in putting forth energy to collect a \$100 debt. The City is in a position to find a new collection agency at this time and will issue a Request for Bid (RFB) to secure one.; 10:02 AM

Minutes: The Chairman questioned how long it would take to find a new agency. Mr. Vincent estimated at least 60 to 90 days due to time constraints associated with budget preparation.; 10:46 AM

Minutes: Vice-Chairman Brown questioned the percentage of tickets paid on time. Not having the specific number, Mr. Vincent estimated less than 50 percent. In any given year, only 60 percent of issued tickets are collected and the majority of those are paid late. The Vice-Chair also requested clarification on how old the 12 million dollars in old debt actually is. Mr. Vincent stated that debt could go back forever. Mr. Vincent did point out that the tickets are not recorded as revenue until the ticket is collected. There is a write off policy for regular general receivables and it might be a good idea to look at creating a write off policy for older ticket debts. Otherwise, the numbers will just continue to grow. Additionally, the City should concentrate on those that are collectable and do a

better job. ; 10:47 AM

Minutes: Vice-Chairman Brown asked Mr. Vincent to work with Jim Carmany of Municipal Court regarding citywide total collections for parking tickets, court fines and outstanding warrants to look at how the City can collect that money. Mr. Vincent told him that Municipal Court has a separate and somewhat successful process they use which is independent of the Treasury and Finance functions. He would be happy to meet with Mr. Carmany for an overview of the debt remaining. ; 10:49 AM

Minutes: Member Workman stated that from his previous collection experience, most agencies would not bother to make a phone call on any debt less than 100 dollars. He suggested investigating whether there is a delinquency database we could participate in that tracks other debts such as utilities. He also suggested printing names of individuals in the news paper. He felt that once people know they are being pursued for the debt, the chances of collection are improved. Any debt over 100 dollars would then be referred to the agency. ; 10:02 AM

#### 14. [Discussion and possible action on sales tax for non-city sales](#)

Motion made to Approve and accept the report on sales tax for non-city sales made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding reminded the committee that the issue was raised after it was discovered that the staff of Dula Gym was selling bottled water on behalf of a non profit agency. The question raised was could the City be liable for collecting and transmitting sales tax. He introduced Mr. Phillip Marmurowski to present his report on the City's liability. Based on the work performed, Mr. Marmurowski felt a good case could be made that the City would not have to collect and remit sales tax to the State of Nevada on a non exempt item if it was the selling agent for a filed and approved not for profit organization. The City would have to collect sales tax if it acted as the selling agent for a for profit business or organization and not selling an exempt item. ; 10:55 AM

Minutes: Chairman Kern indicated he was also concerned that the City may be incurring unnecessary sales or use tax in other ways such as contractors purchasing materials and passing the tax onto the City. He suggested raising awareness among those dealing with construction, when contractors or subcontractors come up short on building materials. Vice-Chairman Brown asked if the City would be liable for any sales tax when building projects such as parks. ; 10:02 AM

Minutes: Mark Vincent, Director, Finance and Business Department, stated that as the City partners with other businesses and agencies, this issue comes becomes more of a concern. In addition to the water sales issue at Dula Gym, there was a similar situation during the Tennis Channel event. He assured the committee that the Finance Department will continue to monitor and scrutinize all contractor and subcontractor invoices to be sure we are not being charged sales tax. ; 11:03 AM

#### 15. [Report and possible action on status of delivery of documented procedures of audit trails to the City Auditor's Office](#)

Motion made to Approve and accept the report on status of delivery of documented procedures of audit trails to the City Auditor's Office made by PAUL WORKMAN

Passed For: 3; Against: 0; Abstain: 0; Absent: 2

PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding reported that James Carmany, Court Administrator for the Municipal Courts, did report the procedures of audit trails as requested by the Committee in the specified period of time.; 10:02 AM

16. [Discussion and possible action on Review of Building and Safety Department Express Inspections \(752-0607-07\)](#)

Motion made to Approve the report on the Review of Building and Safety Department Express Inspections (752-0607-07) made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding introduced City Auditor Nancy Beatty to present the review. Ms. Beatty briefed the committee while referring to a PowerPoint slide show, a copy of which was added to the final minutes. Several of the findings related to the department's check handling policies and procedures. There were also findings of non-compliance with the State of Nevada retention policies and overpayments being accepted by department Inspectors. ; 11:04 AM

Minutes: Mr. Snelding explained that on this particular review, the Building and Safety Department was extremely cooperative and there is only one remaining recommendation open and that relates to system development. It was a good experience and the department was very responsive.; 11:07 AM

Minutes: Member Workman questioned the size and frequency of the contractor overpayments. Ms. Beatty explained that it is a common policy for contractors to keep pre-signed checks, usually in the amount of \$100 dollars, in their trucks for unexpected expenses. It is not uncommon for the contractors to pay a \$150 dollar inspection fee with two \$100 dollar checks. Once the Building and Safety Department realized this was considered unclaimed property, they discontinued the policy of accepting payment in this fashion. ; 11:09 AM

Minutes: Paul Wilkins, Director, Building and Safety Department, stated they requested the audit as part of the accreditation process which allowed them to be the first accredited Building department in the United States. The department wants to comply with State and City requirements while remaining customer service oriented. Vice-Chairman Brown commended Mr. Wilkins for his pro-active approach to the audit function. This is an example that the audit function is working successfully when the departments take a proactive approach. ; 10:02 AM

17. [Discussion and possible action on Internal Control Review Activity Report December 31, 2006 \(2900-0607-08\)](#)

Motion made to Approve and accept the report on Internal Control Review Activity Report December 31, 2006 (2900-0607-08) made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding explained that City Auditor Gary Phillips was the lead on this audit but was unavailable for the meeting. Therefore, Mr. Snelding would give the report. He did so while referencing a PowerPoint presentation which is made a part of the final minutes.; 11:10 AM

Minutes: Vice-Chairman Brown thanked both departments for moving quickly and aggressively on these items. Chairman Kern praised Dr. Barbara Jackson for all her work in making so many recommended changes over the years. ; 11:11 AM

18. [Discussion and possible action on Audit of City Procurement Card Program \(2001-0607-09\)](#)

Motion made to Approve and accept the report on Audit of City Procurement Card Program (2001-0607-09) made by PAUL WORKMAN

Passed For: 4; Against: 0; Abstain: 0; Absent: 1

LARRY BROWN, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: City Auditor Bryan Smith gave a detailed review while referencing a PowerPoint presentation, which is made a part of the final minutes. Mr. Smith stated the City had approximately 25,000 purchases totaling more than 5 million dollars during Fiscal Year 2006. Subsequent to the end of this audit, a new system was implemented for the procurement card program. The recommendations made remain applicable to the new system as they address internal controls surrounding the software. ; 11:11 AM

Minutes: Mr. Smith noted the Finance and Business Services Department has been most receptive to the recommendations. When the new software was implemented in January of 2007, the department conducted training sessions with all P-Card holders and approvers. Staff from the City Auditor's Office was present to brief these users on the serious consequences of misuse. Training was also given to the approvers to help them understand the importance of their roles. The Finance Department anticipates all recommendations made will be completed by December of 2007.; 10:02 AM

Minutes: Vice-Chairman Brown asked if the Purchasing division had to hire more staff to handle oversight and management of the new program. Mark Vincent, Director, Finance and Business Services, replied that although there were no new positions approved for this function, it was necessary to we reorganize some staffing. Mr. Vincent offered some history behind the P-Card program. Ten years ago, the City used Field Purchase Orders (FPOs) for small purchases and any employee could buy just about anything using that system. Because of this there were issues and fraudulent activity. To gain more control and establish accountability, the City moved to a credit card program. This system also interfaced into the accounting function in real time allowing immediate feedback. ; 11:15 AM

Minutes: Vice-Chairman Brown questioned whether the City receives any type of rebate off the purchases made with the P-Cards. Mary McQuoid, Manager, Finance and Business Services, stated

the City received approximately 6 to 7 thousand dollars a year in purchasing rebates through the former P-Card program through Bank of America. She was not familiar with the rebate provisions, if any, for the new company. ; 11:19 AM

Minutes: Member Workman said his bank has gone out to provide services and the rebates offered are different than they were a couple years ago. He would hope the City could get between 50 and 80 thousand dollars off 5 million dollars worth of purchases but it would depend on the other services given by the credit card company as part of the package. Many card companies are now subscribing to other companies who provide them with services that then are passed to the end customer. Such services can cut into the rebate amounts offered.; 11:19 AM

Minutes: Mr. Vincent noted that while rebates are beneficial, the City is more interested in getting systems in place that keep fraudulent use under control. ; 10:02 AM

Minutes: Vice-Chairman Brown felt that although it may be difficult to find hard cost savings on the P-Card system, but comparing to the FPO system, there should be a savings related to processing and staff hours to do so. Mr. Vincent indicated a flaw with the FPO system was the City not knowing what was purchased until the invoices came in, which often resulted in late fees and penalties to the vendors while waiting to match up justification paperwork. ; 11:22 AM

#### 19. [Discussion and possible action on Audit of City Cell Phone Charges \(2005-0607-10\)](#)

Motion made to Approve the report on Audit of City Cell Phone Charges (2005-0607-10) with direction to audit staff to work with the IT Department in analyzing the number of cell phones showing no usage during the test period and report findings back to the committee made by JOSE TRONCOSO

Passed For: 3; Against: 0; Abstain: 0; Absent: 2

LARRY BROWN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: City Auditor Phillip Marmurowski briefed the committee in detail while referencing a PowerPoint presentation, a copy of which has been made a part of the final minutes. The audit was extensive and included data mining on all two-million phone records covering the two-year audit period. The audit revealed the need for greater accountability of cell phone usage within the City. Quarterly reviews will take place and management will monitor the distribution of phones in pooled plans for cost effectiveness and perform a validation review for use, assignment and need. ; 11:22 AM

Minutes: Chairman Kern questioned the definition of an internet data communication call and whether those types of calls incur additional charges. Mr. Marmurowski explained they could be Blackberry calls, or use of a wireless card for laptop internet connection. Mike Hougen, Manager, Information Technology, stated the plans the City subscribes to have unlimited usage plans for data and air cards. There are no additional costs for data transmission. The equipment is assigned to people with a specific number. Employees are granted access and approval for devices such as Blackberry's at department level. Mr. Hougen clarified for the committee that air cards are typically assigned to people in field or who travel out of town. ; 11:31 AM

Minutes: Chairman Kern was not shocked that some employees do have needs for high usage; however, he felt it was important for management to be aware of usages. He was surprised the audit did not include tracing high usages back to individuals for justification.; 11:35 AM

Minutes: Mr. Snelding explained the audit was implemented with a multi step approach. First, audit staff looked at controls and researched what was available. Second, City Management and the IT Department have stepped up in identifying what meets the thresholds. Finally, audit staff will look for individuals with high usages and validate that usage. Departments will be notified of possible red flag usage so they may follow up with that employee. ; 10:02 AM

Minutes: Vice-Chairman Brown confirmed with Mr. Marmurowski that every call made over the two-years audit period was analyzed. The Vice-Chair was surprised with cost of the calls, which was \$625,000 annually. He thought it would be higher and verified that was the total cost for cell phone service, purchases, maintenance etc. Mr. Hougen confirmed it was a total cost number and indicated the City would be able to save some money through the consolidation of vendors. ; 11:40 AM

Minutes: Mr. Hougen continued by explaining the City uses three carriers. The two primary carriers are Verizon and Sprint-Nextel. The City utilized the push to talk technology to consolidate radios and cell phones to one unit. ; 11:37 AM

Minutes: Vice-Chairman Brown questioned why some cell phone units showed no usage whatsoever. Mr. Marmurowski said some units are spare phones for departments such as Fire & Rescue who have employees who could not wait for replacements. He noted there could be other reasons phones might not be used all the time. Mr. Hougen concurred citing push to talk phones as an example. That particular type of phone would only register usage for phone calls, not radio usage.; 11:42 AM

Minutes: The Vice-Chair asked if the Audit staff could run a couple more samples of test months. Mr. Hougen said that prior to October of 2007, the City will have better reporting mechanisms in place. Mr. Marmurowski assured the Vice-Chair it could be done. ; 10:02 AM

Minutes: Vice-Chairman Brown found the report to be very enlightening. He asked Deputy City Manager to speak with City Manager Selby about considering having each department review or reevaluate their employees had or needed cell phones or Blackberries. He suggested that perhaps it should be done annually. ; 11:43 AM

Minutes: Chairman Kern asked that the report Vice-Chairman Brown requested include information such as radio only units versus phone and radio units. He also asked that the units assigned to Fire & Rescue be identified. The Chairman thought doing so might raise awareness. Mr. Hougen said that could be done and added that he intends to follow through with having departments justify employees who are issued phones.; 11:44 AM

Minutes: Mr. Snelding asked for clarification on the additional requested samples. Vice-Chairman Brown indicated that after the discussion, his main concern was the high number of phones showing no usage during the test period. He asked the audit staff to work with Mr. Hougen to review the situation and report back during the general report at one of the next couple of audit meetings. It did not require anything formal.; 11:46 AM

Motion made to Approve and accept the report on Audit of Citywide Long Distance Telephone Calls (2006-0607-11) made by LARRY BROWN

Passed For: 3; Against: 0; Abstain: 0; Absent: 2

LARRY BROWN, JOSE TRONCOSO, MICHAEL W. KERN,; (None); (None)

Minutes: Mr. Snelding introduced City Auditor Phillip Marmurowski to report on this item. A detailed report was given while referencing a PowerPoint presentation, a copy of which is made a part of this record. The Audit Department found a greater need for accountability. Management has agreed to provide departments with reports that will allow more accountability.; 11:46 AM

Minutes: Chairman Kern clarified with Mr. Marmurowski that the long distance calls are free for cell phones. He questioned the recommendation suggesting employees use cell phones for long distance calls only when a land line is not available. He felt it should be encouraged since the calls are free. Mr. Marmurowski stated that at the time of the audit, there were cell phones with overage charges but now that management has switched plans and can have pooled minutes it would be acceptable to encourage cell phone usage for long distance calls.; 11:49 AM

Minutes: The Chairman also questioned international calls being monitored or approved. Mr. Marmurowski indicated they are not monitored but there is not a large number of such calls taking place. Mike Hougen, a manager in Information Technologies explained that international calls are treated like long distance and employee's still need to validate those calls as business or personal. There is currently no management oversight in place but that threshold will soon be established. ; 11:50 AM

Minutes: Responding to several questions from Vice-Chairman Brown, Mr. Hougen indicated the City's long distance carrier is Embarq. The City has our own phone switches for approximately 60 percent of the total phone lines. The other lines are leased from Embarq. The City pays approximately \$72,000 dollars a year in annual maintenance on our switches. Information Technologies is also looking into transitioning to IP Telephony, which will allow data and voice communications to be combined into one circuit. This will occur over the next two to three years. ; 11:53 AM

21. [CITIZENS PARTICIPATION: Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come to the podium and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited](#)

Minutes: Chairman Kern stated he appreciated the opportunity to serve the city. It is a pleasure to work with the Auditor's Office and city employees in general. He has developed a great amount of respect for the directors and the controls they have implemented that relate to audits. With regard to Dr. Barbara Jackson, Director of Leisure Services Department, the Chairman indicated that she had a very difficult role to play early on. Several weaknesses were identified in her department and she worked to remedy those issues and has done a tremendous job. ; 11:53 AM

Minutes: Chairman Kern also pointed out that it is a compliment to the City that there are no issues in the media pertaining to City officials taking advantage of City contracts. ; 10:02 AM

Minutes: Vice Chair Brown complemented the credibility and acceptance the Mr. Snelding and his staff have achieved within the City over past few years. Audits are received better today than when the audit process first started.; 11:56 AM

Minutes: Vice Chair Brown stated having the Audit Committee, comprised of two elected officials with three private members, has also built the credibility needed for them to do the job at hand. Without this committee, the City would not be able to accomplish what has been done. On behalf of the City Council, he extended his appreciation to the members of the Audit Committee. ; 10:02 AM

Minutes: Member Troncoso stated it is a pleasure to watch the audit staff do such great work. He is proud to live in the City and know it is in such great hands. ; 11:56 AM

## 22. [ADJOURNMENT](#)

Minutes: Meeting adjourned at 11:56 a.m.

Respectfully submitted:

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Stacey Campbell, Administrative Secretary ; 11:56 AM

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THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

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Bulletin Board, City Hall Plaza (next door to Metro Records)  
Las Vegas Library, 833 Las Vegas Boulevard North  
Clark County Government Center, 500 S. Grand Central Parkway  
Grant Sawyer Building, 555 E. Washington Avenue