

# General Report by City Auditor



- Audits and Projects
  - KCLV - Video Services
  - H R – Information Systems and Records
  - Finance – Citywide Travel
  - B&S – Permits Division
  - F&R – Fire Prevention / Investigation
  - Credit Card Reporting
  - Software



# General Report by City Auditor

- Investigations
  - 4 Investigations are in Process
- Control Reviews
  - 2 Memos Released



# **Review of Building and Safety Department Express Inspections**

**CAO 752-0607-07**



# Background

- **The Building and Safety Department is responsible for ensuring that construction within the City of Las Vegas conforms to established building codes.**
- **The Inspection Division completes inspections at various stages of construction.**
- **The Inspection Division employs an Inspection Manager, 7 Supervisors, 70 Inspectors, and 3 full and 1 part time dispatchers.**
- **The Express Inspection process was established to allow for flexibility in scheduling set time inspections for an additional fee.**



# Overview

**The objective of this review was to identify and evaluate the adequacy of existing controls relative to the Express Inspection Process.**



# Findings

- **The acceptance of checks is not in compliance with the City's Check Acceptance Procedure.**

**Receipted checks are not adequately safeguarded:**

- **Checks remain unsecured until prepared for deposit at the Downtown Services Center.**
- **Checks are not restrictively endorsed until prepared for deposit at the Downtown Service Center.**
- **Checks are not always deposited within 24 hours.**
- **Inconsistent procedures are used to receipt Express Inspection checks.**
- **Scheduled Express Inspections are not reconciled to deposited checks.**

# Findings



- **A Cash Summary Sheet is prepared monthly. Included on this report is the number of Express Inspections and associated revenue for the month. We were unable to reconcile the actual activity to the July 2006 report.**
- **Inspectors accept checks for amounts that exceed the required fees. The full amount received is recorded as Express Inspections. Overpayment not returned to customers within 3 years are considered to be unclaimed property subject to NRS requirements.**
- **On average only two to three months of the Request Logs (forms used to schedule inspections) and the Daily Cash Summaries are maintained. This is not in compliance with the State of Nevada and Department retention policies.26**



# **Internal Control Review Activity Report - December 31, 2006**

**CAO 2900-0607-08**

- **Includes 2 Internal Control Reviews issued in the 6 months ending 12/31/06**
- **3 Recommendations**
  - Neighborhood Services - 1**
  - Leisure Services - 2**



# **ICR Activity Report**

## **NEIGHBORHOOD SERVICES**

- 1. EVOLVE Gift Card Issue**  
**1 Recommendation**

## **LEISURE SERVICES**

- 1. Becker Community School – Missing Deposit**  
**2 Recommendations**
- Management agreed on all 3 recommendations**
  - Recommendations will be tracked in our follow-up database.**

# **Audit of City Procurement Card Program CAO 2001-0607-09**



## **Background**

- **City has approximately 338 outstanding procurement cards (P-Cards).**
- **P-Card Program is administered by Purchasing and Accounting.**
- **FY06 – approximately 25,000 purchases totaling \$5 million.**
- **Audit Scope: Fiscal Year 2006**
- **New software implemented in January '07**



# Recommendations

## Need for:

- Documented desk procedures.
- Routine data analysis of P-Card transactions.
- Improved controls over prohibited transactions
- Addressing deficiencies in strike program
- Training of approvers of P-Card transactions.
- Formalization of process to identify contracting opportunities.
- Documented approach to evaluate P-Card activity and spending limits.
- Management reports summarizing P-Card activity.



# Management Response

- **Finance has begun addressing the audit recommendations.**
- **New P-Card software has been implemented.**
- **Finance completed training of all Cardholders and Approvers.**
- **City Auditor's Office participated in training.**
- **Finance expects all audit recommendations to be addressed by December 2007.**

# City Cell Phone Charges



- **Cell Phone Costs Are \$625,000 for both Data and Voice Communications**
  - **Performed Data Mining on 2 Million Phone Records Covering 4.7 Million Minutes over Two Fiscal Years**
  - ✓ **Use of Audit Software to Review All Records**
  - ✓ **Normally Only Detail Review of Audit Sample**
- Audit Found Need for Greater ACCOUNTABILITY**
  - **Assignment of Phones to Individuals**
  - **Need for More Pro-Active Management Over Usage**
  - **Enhancement of Monitoring Controls**
  - **Management has agreed to start to provide better monitoring controls.**

# City Cell Phone Charges



## Inventory Assignment and Accountability

### Inventory Records Have Become Less Accurate

**Growth of the Number of Cell Phones**

**Failure of Communications – Changes**

**Numerous Sources of Inventory Information**

- ✓ **There are 456 cell phones not assigned – 39%**

**No Oversight of Usage Accountability**

**Control Requires Reliable and Updated Inventory**

**Management has responded that each department will review and validate use assignment and need.**

- ✓ **This is a First Step in a Better Monitoring Program.**



# **City Cell Phone Charges**

## **Business or Personal Call Accountability**

**Reasonable Personal Calls Must Be Reimbursement –  
Six cents per Minute**

**About 11% are classified as Personal Calls with 13%  
Personal Call Usage. The six cents cover about 4% of  
the cost for cell phones.**

**Ongoing Monitoring Program is needed to determine if  
City's assets are used in the most productive manner.**

**Found 8,338 different called numbers being classified  
as both business and personal by the same person  
from the same phone number.**



# **City Cell Phone Charges**

## **Business or Personal Call Accountability- Con't.**

**Better Control requires establishment of Ongoing Control Review Program.**

**Management has responded that Reminders about City Policy and Suggested Alternative Practices will be distributed. Plan Standard Rates will be reviewed for possible adjustment.**

# City Cell Phone Charges



## Cell Phone Plans

There are 1,114 cell phones numbers in the City

- 19% of the cell phone plans cost over \$100 per month
- 75% of the cell phone plans cost between \$25 and \$99.99 per month
- Each user is allowed to have any plan their manager will approve.

With all the plans with different features, usage limits and expenses it adds to the control monitoring issues.

Better Control requires reduction in plan choices.

Management will consolidate into 5 plans choices with pool minutes. Quarterly reviews will take place for proper plan distribution.



# **City Cell Phone Charges**

## **Cell Phone Usage**

**There is underutilization of cell phones.**

**There is over utilization of cell phones.**

**Vendors add other fees which amounts to about \$36,000 per year.**

**Better Control requires a Step-Up Management Ongoing Review Program.**

**Management will monitor the distribution of phones in the pooled plans for cost effectiveness and perform a validation review for use, assignment, and need.**



# Long Distance Telephone Calls

**Long Distance Costs \$14,500 – 90% discount  
Time Used was 5.8 people years over 210,000 calls.**

## **Audit Found Need for Greater ACCOUNTABILITY**

- **No Active and Ongoing Monitoring Program**
- **Third Party Billings by Vendors**
- **87,000 Calls were placed without Access Codes**
- **2,000 Long Distance Calls Over 15 Minutes –  
Longest being 346 Minutes**
- **37 Access Codes had over 500 Calls –  
Highest being 1,563 Calls Using 4,070 Minutes**



# Long Distance Telephone Calls

**Better Controls -**

**Management needs a more active and ongoing monitoring program.**

**Management has agreed to provide departments with reports that detail usage over established usage thresholds.**