

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

AGENDA

October 16, 2008
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 CLERK'S OFFICE.

1. CALL TO ORDER
2. ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
3. Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of July 17, 2008
4. Discussion and possible action on Scheduled Meeting Dates: Thursday, January 22, 2009; Thursday, April 23, 2009; Thursday, July 16, 2009; and Thursday, October 15, 2009
5. General Report by the City Auditor
6. Discussion and possible action on the Audit of Sanitary Sewer System Maintenance Section (1703-0809-01)
7. Discussion and possible action on Internal Control Review Activity Report June 30, 2008 (2900-0809-02)
8. Discussion and possible action on the Annual Audit Recommendation Follow-up as of June 30, 2008 (2600-0809-03)
9. 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
10. ADJOURNMENT

Facilities are provided throughout City Hall for the convenience of disabled persons. Special equipment for the hearing impaired is available for use at meetings. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

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

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge
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

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

CALL TO ORDER



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of July 17, 2008



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on Scheduled Meeting Dates: Thursday, January 22, 2009; Thursday, April 23, 2009; Thursday, July 16, 2009; and Thursday, October 15, 2009

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

The purpose is to establish the quarterly Audit Committee Meetings for calendar year 2009.

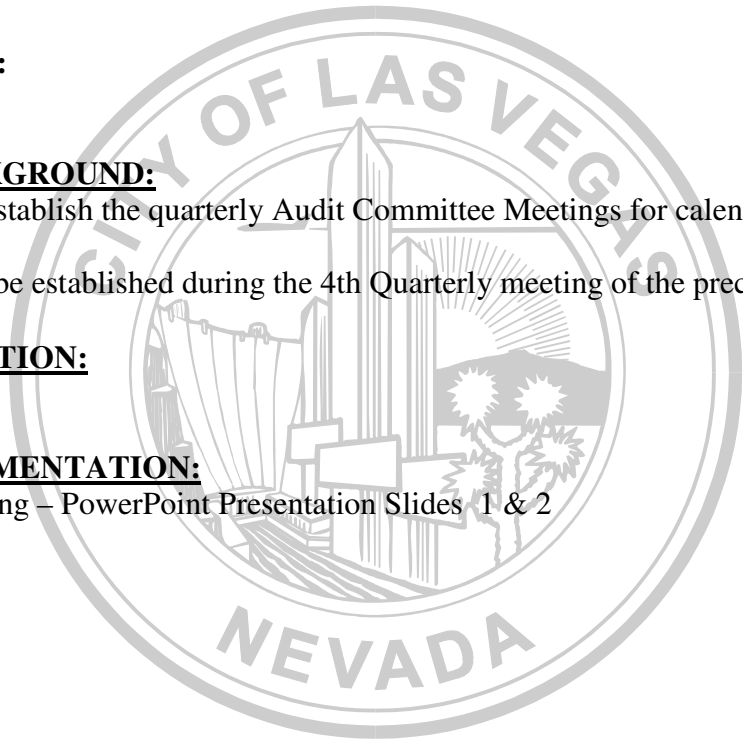
This is required to be established during the 4th Quarterly meeting of the preceding year.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

Submitted at Meeting – PowerPoint Presentation Slides 1 & 2



Audit Committee Scheduled Meeting Dates

- **The purpose is to establish the quarterly Audit Committee Meetings for calendar year 2009.**
- **This is required to be established during the 4th quarterly meeting of the preceding year.**

Audit Committee Scheduled Meeting Dates

- 1. Thursday, January 22, 2009**
- 2. Thursday, April 23, 2009**
- 3. Thursday, July 16, 2009**
- 4. Thursday, October 15, 2009**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

General Report by the City Auditor

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

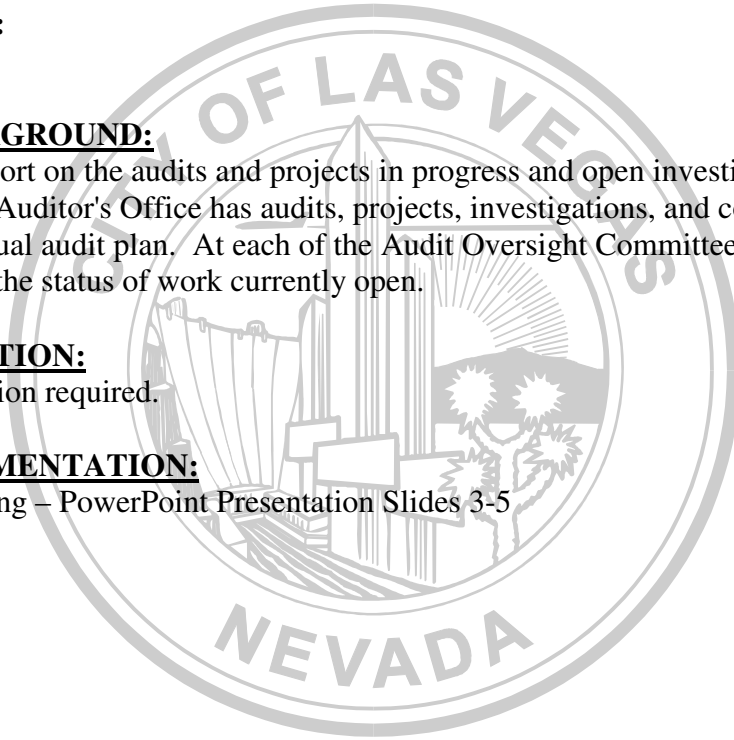
To give a status report on the audits and projects in progress and open investigations and control reviews. The City Auditor's Office has audits, projects, investigations, and control reviews as assigned in the annual audit plan. At each of the Audit Oversight Committee Meetings the City Auditor reports on the status of work currently open.

RECOMMENDATION:

Report only; no action required.

BACKUP DOCUMENTATION:

Submitted at Meeting – PowerPoint Presentation Slides 3-5



General Report by City Auditor

- **Audits and Projects**
 - **Fire Prevention Division**
 - **D&E Intake**
 - **Credit Card Receipting**
 - **Software**
 - **Contract Review**

General Report by City Auditor

- **Investigations**
 - 9 Investigations are in Process
- **Control Reviews**
 - 5 Memos Released

General Report by City Auditor

TRAINING

<u>Date</u>	<u>Description</u>	<u>CPE</u>	<u>ATT</u>	<u>Cost</u>
08/13	Recent Fraud Trends	2	5	*
08/19	PCI and Log Monitoring	2	1	25
09/08	Computer & Security Conference	24	1	0
09/09	Financial Crimes & Digital Evidence	16	1	859
09/11	Risk Assessments	1	3	30
09/12	Internal Investigations	8	6	*
09/22	Self Study Ethics	4	1	55

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on the Audit of Sanitary Sewer System Maintenance Section (1703-0809-01)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To review the audit report Audit of Sanitary Sewer System Maintenance Section (1703-0809-01)

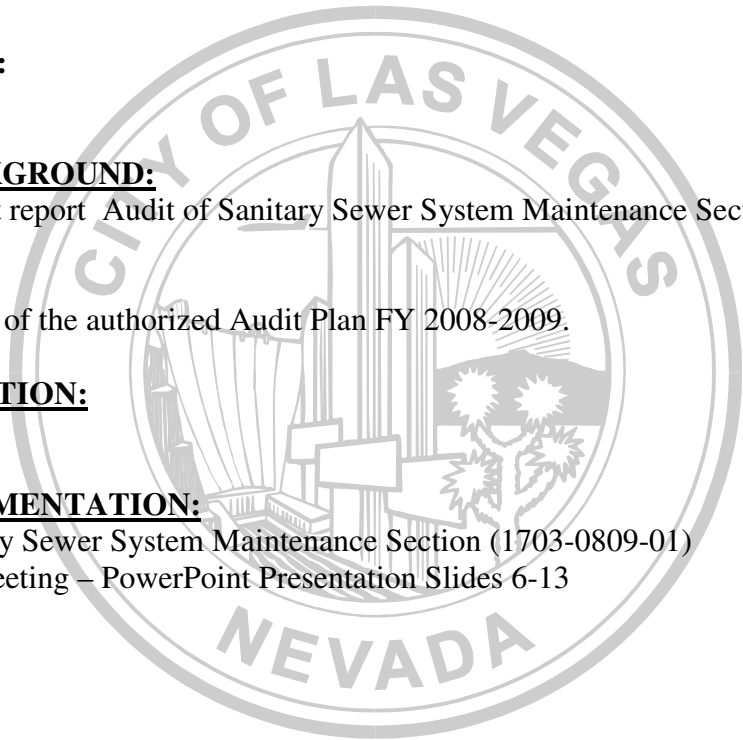
This audit was part of the authorized Audit Plan FY 2008-2009.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Audit of Sanitary Sewer System Maintenance Section (1703-0809-01)
2. Submitted at Meeting – PowerPoint Presentation Slides 6-13



CITY AUDITOR'S OFFICE



AUDIT OF SANITARY SEWER SYSTEM MAINTENANCE SECTION

Report No. CAO 1703-0809-01

July 25, 2008

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

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**AUDIT OF
SANITARY SEWER SYSTEM MAINTENANCE SECTION
CAO 1703-0809-01**

BACKGROUND

The Sanitary Sewer Maintenance Section (Sewer Maintenance) is within the Streets and Sanitation Division of the Department of Field Operations of the City of Las Vegas (City). Sewer Maintenance is funded by the City's Sanitation Enterprise Fund that was established for accounting for the operations of the City's water pollution control facilities and the construction and maintenance of sanitary sewer lines.

As defined in the City Municipal Code (14.04.120), the City is responsible for maintaining all sewer main facilities installed in City-owned rights-of-way and easements. Private property owners are responsible for the maintenance of the sewer laterals that connect to the City's sewer lines.

Sewer Maintenance performs this required function for the City through routine maintenance and repairs of approximately 1,500 of the City's 1,700 miles of sewer lines. The remaining sewer lines are high flow arterial collectors that are considered to be self-cleaning due to the high flow rates. Maintenance crews systematically clean the sewer lines using high pressure water nozzles and vacuums on trucks called Vactors. The crews also provide construction support for the maintenance and repair of sewer lines and related components (e.g., manholes, roadway collars).

Sewer Maintenance also responds to sewer stoppages and overflows. Sewer Maintenance follows specific reporting requirements of the Nevada Division of Environmental Protection (NDEP) when it encounters sewer stoppages and overflows.

The primary functions of Sewer Maintenance are identified as follows in the Department's Strategic Business Plan:

- Sanitary sewer conveyance component maintenance and repairs (cleaning of main lines, line repairs, video inspections, manhole repairs, diversion operations).
- Sanitary sewer private collection component responses (identification of lateral issues and provision of customer service assistance).
- Sanitary sewer overflow ("SSO") responses (removal of obstructions and restoration of flow, mitigation of contamination, and regulatory compliance reporting).

Sewer Maintenance staff members include a Foreman, 2 Crew Leaders, an Inspector, and 19 maintenance workers. They are overseen by the Manager and Superintendent of the Streets and Sanitation Division.

OBJECTIVES

The audit objectives were to evaluate the overall effectiveness and efficiency of the operations of Sewer Maintenance and to ensure that they are complying with regulatory guidelines.

SCOPE AND METHODOLOGY

The scope of this audit was limited to the operations of Sewer Maintenance. Detailed testing of records was primarily limited to transactions during calendar year 2007. The last fieldwork date of this audit was May 27, 2008.

The scope of our work on internal control was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable guidelines,
- Interviews of City personnel,
- Observations of work processes, and
- Analysis and detail testing of available data.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

We identified the following issues during the audit of Sewer Maintenance:

Activity Records (Finding 1): Improvements are needed in Sewer Maintenance's recordkeeping practices to facilitate the summarization of operational activity and support management reporting.

Spill Reporting Requirements (Finding 2): Clarification is needed from NDEP on whether stoppages without an overflow need to be reported. Documented policies and procedures are needed giving direction to employees on how to comply with the Spill Reporting Policy.

Clark County Permits (Finding 3): An intergovernmental agreement with Clark County is needed giving Sewer Maintenance access rights to city sewer lines running through County land.

Video Inspection Program (Finding 4): Improvements are needed in the administration of the current video inspection program. Sewer Maintenance should pursue transferring the responsibility and costs for video inspections of sewer lines to contractors and developers.

Call Before You Dig Program Compliance (Finding 5): Sewer Maintenance working with Public Works needs to evaluate what additional measures need to be taken to comply with NRS 455 and document its compliance methodology, policies, and procedures.

Equipment and Supplies (Finding 6): Sewer Maintenance needs to document and implement a formal equipment and supplies inventory control program.

Training Tracking and Monitoring (Finding 7): The Field Operations Safety and Health Officer should regularly summarize the training status of Sewer Maintenance employees in relation to OSHA and City safety training requirements and make this information available to Sewer Maintenance management.

Performance Measurements (Finding 8): The appropriateness and value of the current performance measurements need to be evaluated. The definition and derivation of the performance measurements need to be documented.

Public Reporting Using City Website (Finding 9): Enhancements are needed to the sewer problem reporting screens on the City's website.

Standard Operating Procedures (Finding 10): Standard operating procedures are needed for the primary functions of Sewer Maintenance.

Further information is contained in the sections below. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. ACTIVITY RECORDS

Criteria

Detail records should facilitate the summarization of operational activity and support management reporting and performance measurements. These records should provide assurance that the information being gathered is accurate and complete.

Condition

Sewer Maintenance operational activity information is accumulated on various records as follows:

- *Daily Sanitary Sewer Cleaning Records (Daily Sheets)* – form used by work crews to record their daily activities including the location and linear feet of sewer lines cleaned and information on sewer stoppages and overflows. This is the primary document used to determine when a sewer line was cleaned.
- *Sanitation Collections Spreadsheet* – monthly summarization from the Daily Sheets of linear feet of sewer lines cleaned by equipment.
- *All SAN Calls Spreadsheet* – spreadsheet of service calls from the Hansen System (Hansen) with the date, location, and nature of the call. Hansen is the customer complaint/service system in which sewer problems reported by the public, city departments, and council offices are recorded.
- *Sewer Stoppage and Overflow Report (SSO Report)* – form currently used to document the details of sewer stoppages and overflows. Each SSO Report is assigned a unique number.
- *24-Hr SSO Report* – SSO Report that is faxed to NDEP (and other agencies as appropriate) within 24 hours of an overflow that “imminently and substantially endangers human health.”
- *5-Day SSO Report* – Detail follow-up report to NDEP on an overflow that required a 24-Hr SSO Report.
- *Quarterly SSO Activity Report Spreadsheet* – quarterly spreadsheet identifying all SSO reports completed. The information within this spreadsheet is used by the City’s Environmental Division in completing their Quarterly SSO Report for NDEP.

The current recordkeeping practices do not facilitate the summarization of operational activity and support management reporting requirements as evidenced by the following issues:

- There are no documented internal operating procedures on how these records should be completed.
- There is a lack of uniformity in how events (e.g., private stoppages, public stoppages, overflows) are identified on the *Daily Sheets*.
- The *Daily Sheets* do not require summarization of events encountered during the day (e.g., number or type of stoppages or overflows addressed, lateral line calls

- responded to, bug problems, odor problems) to facilitate summarization of daily activities.
- Information on the last time a sewer line was cleaned is not readily accessible. The *Daily Sheets* must be reviewed to identify this information.
 - The *Daily Sheets* and the *All SAN Calls Spreadsheet* do not reference Hansen service request numbers or SSO numbers.
 - Hansen and the *All SAN Calls Spreadsheet* do not differentiate between stoppages and overflows as the term “stoppage” is used to identify both.
 - There is no formal periodic review of Hansen service requests to ensure that all necessary SSO Reports have been completed.

Cause

- Internally maintained records do not facilitate the summarization of operational activity for management decision making and reporting requirements.

Effect

- Lack of assurance that management reports and performance measurements are accurate and complete.

Recommendation

Sewer Maintenance management should evaluate the recordkeeping deficiencies identified within this audit finding and make necessary changes to improve the correlation, reliability, and usefulness of its internal records. Sewer Maintenance management should document guidelines to be followed in completing the key documents and spreadsheets used in its operations. The following ideas should be considered:

- Work activity categories could be created that align with management reporting requirements and performance measurements for use on the *Daily Sheets*. These work activity categories could be documented on the *Daily Sheets* for reference by the work crews.
- A work activity summarization box could be added to the *Daily Sheets* where work crews could summarize their daily activities by the established work activity categories. The information from this box could be accumulated on a spreadsheet.
- When a crew responds to a service request from Hansen, the corresponding service request number could be documented on the *Daily Sheet*.
- A monthly report could be generated from Hansen and reviewed to ensure that all required *SSO reports* have been completed.
- The *All SAN Calls Spreadsheet* could be expanded to document more information on the nature of each call and whether the event is reportable.

2. SPILL REPORTING REQUIREMENTS

Criteria

The *Spill Reporting Policy* from the Nevada Division of Environmental Protection (NDEP) requires the City to report its Sanitary Sewer Overflows (SSO). The Spill Reporting Policy defines an SSO as “any diversion, bypass, spill, overflow or discharge of untreated or partially treated wastewater from wastewater treatment, collection, or conveyance facilities under control of the permittee, other than through points of discharge identified in a discharge permit. In the event the permittee has knowledge that an SSO is probable or has occurred, the permittee shall report in accordance with this policy.”

Those overflows that “imminently and substantially endanger human health” must be reported to NDEP within 24 hours followed-up by a 5-day report. All overflows must be reported in a quarterly SSO report.

Condition

While the *Spill Reporting Policy* points to an SSO being an incident where wastewater escapes or spills from the sewer system, the current SSO Report has check boxes for users to identify whether the incident is a stoppage (backup) or an overflow (discharge) or both. Sewer Maintenance currently uses the SSO Report for documenting both overflows and non-lateral line stoppages.

The following is a summary of the types of SSO’s reported by Sewer Maintenance during 2007:

2007	Stoppage Only	Overflow Only – Exceeds Capacity	Stoppage and Overflow
First Quarter	4	0	10
Second Quarter	6	0	12
Third Quarter	6	0	8
Fourth Quarter	2	0	15

SSO Reports are summarized quarterly in the *Quarterly SSO Activity Report Spreadsheet*. This spreadsheet and the corresponding individual SSO Reports are forwarded by Sewer Maintenance to the City’s Wastewater Pollution Control Facility management for use in their reporting to NDEP.

While information on the various types of sewer stoppages encountered without a discharge is valuable internally for identifying and tracking problem areas of the sewer lines, stoppages without an overflow may not need to be documented on an SSO report

and included in the quarterly reporting to the City's Environmental Division and NDEP based on the *Spill Reporting Policy's* definition of an SSO.

Sewer Maintenance has not documented how it follows and complies with the State's *Spill Reporting Policy*. Therefore, there is no internal documented direction on which stoppages and overflows Sewer Maintenance deems to be reportable and when they should complete a 24-hour report and a 5-day report.

Cause

- Need for reporting of stoppages has not been questioned.
- Lack of documented policies and procedures.

Effect

- Unnecessary information may be reported to NDEP.
- Potential for lack of uniformity among staff members in complying with *Spill Reporting Policy*.
- Potential for fines if *Spill Reporting Policy* is not followed.

Recommendation

Sewer Maintenance management working with the City's Public Works Environmental Division should seek clarification from NDEP on whether sewer stoppages without an overflow need to be included in the Quarterly SSO Report. If not needed, Sewer Maintenance should discontinue use of the SSO Report for documenting stoppages without an overflow and create an alternative means for documenting and monitoring these stoppages.

Sewer Maintenance management should create documented policies and procedures giving direction to their employees on how to comply with the *Spill Reporting Policy*. These policies and procedures should include guidance on the following areas:

- staff member responsibilities
- proper completion of data fields on SSO Reports
- when to complete a 24-hour report and the required distribution of the report
- supporting documentation requirements

3. CLARK COUNTY PERMITS

Criteria

City departments should comply with Clark County permitting requirements.

Condition

Sewer Maintenance employees do not obtain a Clark County permit each time they access city sewer lines that run through Clark County land. Sewer Maintenance management acknowledged that they are in need of a blanket intergovernmental agreement/permit for performing maintenance and repairs of these city sewer lines.

While Clark County employees are cooperative with Sewer Maintenance, a formal intergovernmental agreement would ensure the City is in compliance with Clark County permitting requirements.

Cause

- Lack of a formalized intergovernmental agreement allowing access to Clark County land for service of City sewer lines.

Effect

- Potential for violation of Clark County permit requirements.

Recommendation

Sewer Maintenance management working with the City Attorney's Office and Public Works should enter into discussions with Clark County representatives to create an intergovernmental agreement giving them access to the city sewer lines running through Clark County land without the need for individual permits.

4. VIDEO INSPECTION PROGRAM

Criteria

Pertinent information on program performance should be readily available for monitoring and to ensure accountability of employees.

Condition

The City requires all privately funded infrastructure improvement projects to be inspected prior to acceptance and approval for release of contractor bond money by the City. This inspection process is overseen by the City Engineer's Off-site Inspection and Testing Division (OIT) of Public Works. Sewer Maintenance supports OIT in this process by overseeing the approval of new sewer lines. The Sewer Maintenance Inspector (Inspector) coordinates a video inspection of new sewer lines by an outside contractor to ensure that the construction is in accordance with design and construction standards and that there are no blockages. Following the video inspection, the Inspector either accepts or rejects the sewer lines.

While residential real-estate construction was booming, Sewer Maintenance struggled to timely complete the video inspections. Sewer lines often ended up being inspected after the streets above the lines had been paved over and the sewer lines had been placed into operation. These delays caused frustrations with contractors and developers who were unable to get their bond money released until the sewer lines were inspected and approved.

With the current slowdown in residential construction, the number of video inspections has decreased. Sewer Maintenance management is currently re-evaluating how this program is administered and is considering moving responsibility and costs for the video inspections to the developers and contractors. Certified videos would be required to be submitted to Sewer Maintenance for review prior to acceptance of the sewer lines.

Based on an evaluation of this program and discussions with various City staff, this appears to be a good alternative to current practice and an optimal time to make the changes considering the reduced demand. Until these changes can be made, the video inspection program will continue to function as it has in the past.

The following issues were noted in the administration of the current video inspection program:

- Documented Operating Procedures – Documented operating procedures do not exist for the video inspection program.
- Monitoring of Timeliness of Video Inspections – The video inspection request dates and the acceptance or rejection dates are not readily available for monitoring the timeliness of Sewer Maintenance in responding to the video inspection requests. OIT maintains spreadsheets that initially include the request date, but it is overwritten with the acceptance date when the sewer lines are accepted.
- Documentation of Rejections – The Inspector identifies unacceptable sewer lines by checking the “Not Acceptable” space on the video inspection request form and signs and dates the form. While the Inspector discusses the failure with the

contractor/developer and maintains the corresponding video inspection report, the details on the rejection are not documented and readily available for review and monitoring. In addition, there is no formal correspondence to the developers and contractors documenting the reason for the sewer line rejection and reference to the applicable design and construction standards that were not met.

- Payments for Delays – The current form used by contractors to request a video inspection states that “if for any reason the camera truck is unable to access the manholes, or the camera is unable to pass through a section of line, the contractor will pay for all standby/re-test time for that section of line, and will have to completely reschedule the televising for his project.” This clause is not enforced by Sewer Maintenance and there are no payment collection procedures to follow if it was enforced. Note: Considering the delays caused by Sewer Maintenance in the past, it would have been difficult for them to enforce this clause with developers and contractors.
- Review of Outside Contractor Invoice – The monthly invoice from the contractor is only reconciled to a summary report (known as the Index Report) rather than to the detail video inspection reports showing the lengths of the sewer lines surveyed.
- Sewer Lines Televised Measurement – One of the monthly measurements tracked and reported to Field Operations management (and previously to the City Manager’s Office) is “Sewer Main Televised (feet) – contracted.” This measurement is also included on the Summary of Quarterly In-House Sanitary Sewer Collection System Maintenance Activities to the Environmental Division Manager and the Quarterly SSO Report to NDEP. The title of this measurement is inaccurate as the data reported is the total length of the sewer line not the total length surveyed/televised. These measurements are often different due to abandoned surveys.

Cause

- The Inspector until recently has run the program with minimal oversight and accountability.

Effect

- Lack of readily accessible information on the performance of the video inspection program.
- Limited accountability by the Inspector.

Recommendation

Sewer Maintenance management should pursue transferring the responsibility and costs for the video inspections to contractors and developers. Sewer Maintenance management should document the details of the new program including:

- Procedures to be followed by staff members
- Requirements of contractors and developers including forms to be completed and documents to be submitted
- Timelines to be followed by staff members
- Deadlines for contractors and developers

If the new program is not implemented, Sewer Maintenance management should:

- Revise the verbiage relating to charging contractors and developers for standby/re-test time or implement a method by which fees could be assessed.
- Improve monitoring of the performance of the video inspection program by documenting and tracking at a minimum the video inspection request date, acceptance date, rejection date, and reason for the rejection.
- Create a formal letter of rejection template with reference to applicable sewer design and construction standards for distribution to contractors and developers on rejection of a sewer line.
- Reconcile the video inspection contractor invoices to the detail video inspection reports.

Sewer Maintenance should determine what performance measurements relating to the video inspection program should be tracked and ensure the measurement titles properly reflect what is being reported.

5. CALL BEFORE YOU DIG PROGRAM COMPLIANCE

Criteria

NRS Chapter 455 addresses the codification of the “Call Before You Dig” industry practice. As noted in a summary of these regulations, “these rules provide minimum requirements to excavators, operators, and the association for operators. They provide a structure under which underground excavations and demolitions can proceed safely and efficiently.”

The City is defined as an Operator under this statute. An Operator is defined as “any person who owns, operates or maintains a subsurface installation.” Examples of subsurface installations include electrical, water, gas, cable, phone, and sewer lines.

As an Operator, the City is required to belong to an “Association for Operators” that receives notifications of underground work to be performed and transmits these notifications to its members. The City is a member of an organization called USA North that serves this function.

The duties of an Operator as identified in NRS 455.130 & 131 are summarized below:

- Locate and identify the subsurface installations and if known, the number of subsurface installations that are affected by the proposed excavation or demolition...within 2 working days or within a time mutually agreed upon by the operator and the person who is responsible for the excavation or demolition.
- Remove or protect a subsurface installation as soon as practicable if the Operator decides it should be removed or protected.
- Advise the person who has contacted the Association for Operators of the location of the subsurface installations of the operator that are affected by the proposed excavation or demolition.
- Notify the person who contacted the Association for Operators if the Operator has no subsurface installations that are affected by the proposed excavation or demolition.
- An Operator shall, for each subsurface installation that is installed on or after October 1, 2005, which cannot be detected from or above the surface of the ground by means of either the material used in constructing the subsurface installation or a conductor within the subsurface installation, install a permanent device which designates or provides a means of detecting a subsurface installation through the use of a noninvasive method from or above the surface of the ground. Such a device includes, without limitation, a tracer wire or a marker.

In conjunction with NRS 455.140, the Public Utilities Commission of Nevada recently voted to require the submission of a form to the Regulator Operations Staff of the Commission when there is any contact with, exposure of or damage to a subsurface installation during an excavation or demolition. This form requires both the excavator and the Operator to identify whether the actions of the Operator contributed to the occurrence. Among the boxes that must be checked in describing whether the actions of the Operator contributed to the occurrence are:

- Failed to abide by special agreement between the Operator and excavator.
- Operator performed marking but it was incorrect/incomplete.
- Operator did not perform marking within the two working day requirement.
- Operator did not perform marking within mutually agreed upon time frame.
- Operator failed to make replacement marks requested by excavator.
- Operator not a member of the One-Call Center.

Condition

The *Call Before You Dig* program is a free service to homeowners, contractors and excavators that plan to dig, trench, drill or perform underground projects to have buried

utility lines properly identified prior to the start of work. Public and private excavators are to call 811 at least two working days before the start of any digging project so that buried utility lines can be identified and properly marked by “Operators” prior to the start of an excavation project.

The City is a member of an association (USA North) that receives the 811 calls on planned excavations and in-turn transmits this information to its members on electronic work tickets.

The only City staff members currently on-line to receive this information are in the City’s Traffic Engineering Division. This division currently has two full-time staff members that evaluate the incoming work tickets and complete utility markings for traffic signal and traffic light power lines. These staff will only contact Sewer Maintenance with information on a work ticket if a contractor specifically requests that the sewer lines be marked.

Sewer Maintenance is not currently on-line with USA North to receive their work tickets and has not implemented a sewer marking program due to the following:

- Sewers typically run in a straight line from manhole cover to manhole cover. With this understanding, excavators should be able to avoid hitting sewer lines.
- The manhole covers are considered by management to be “permanent markers” as defined by NRS and alert excavators of the presence of sewer lines.
- There have been few known instances of excavators breaking sewer lines.
- An active sewer marking program would require significant time and resources as experienced by the Traffic Engineering Division.

Sewer Maintenance management acknowledges that they may need to do more to be in full compliance with NRS 455. However, budget constraints and staff limitations present a challenge in addressing this area.

Cause

- A sewer marking program has not been implemented due to limited budget and staff.
- Limited perceived risk.

Effect

- Potential for breakage of sewer lines by excavators.
- Potential for unreported breakage and repairs of sewer lines by excavators.
- Possible non-compliance with NRS 455.

Recommendation

Sewer Maintenance management working with Public Works (Traffic Engineering and Engineering Planning Divisions) should further evaluate the adequacy of their compliance with NRS 455 and what additional measures should be taken to ensure compliance. Sewer Maintenance management should document its methodology, policies, and procedures for complying with NRS 455.

6. EQUIPMENT AND SUPPLIES

Criteria

The City's equipment and supplies should be properly secured and accounted for.

Condition

Sewer Maintenance employees use a variety of equipment and supplies for performing their job responsibilities including various chemicals, degreasers, manhole covers, pipe, hoses, equipment replacement parts, and various small tools. Most of the non-vehicle equipment and supplies used by Sewer Maintenance are stored in a building at the City's West Service Center.

Sewer Maintenance does not maintain an internal record of its equipment. While certain high-dollar (greater than \$5,000) and "sensitive" items are recorded by the City's Fixed Assets Division and periodically sent to Sewer Maintenance for verification, these records do not include all of their equipment.

Access to the City's West Yard is restricted by a restricted access gate and access to the West Yard supply building is restricted to certain employees with valid keys. Those Sewer Maintenance employees with keys, as well as employees from other departments/divisions with keys, have access to the storage building and are able to take supplies without documenting what was taken. The Sewer Maintenance Foreman is notified by employees when supply levels are low.

While informal efforts have been made in the past to document equipment and supplies, Sewer Maintenance has not implemented a formal inventory program for its equipment and supplies.

Cause

- Lack of a formalized equipment and supplies inventory program.

Effect

- Potential for theft of equipment and supplies without notice.

Recommendation

Sewer Maintenance management should document and implement a formal equipment and supplies inventory control program. Periodic inventories of equipment and supplies should be conducted. Changes in supply levels should be evaluated for reasonableness based on activity. Sewer Maintenance management should consider requiring employees to document supplies being taken from the storage building.

7. TRAINING TRACKING AND MONITORING

Criteria

Current and readily accessible information on the training status of employees enables management to monitor compliance and plan for training needs.

Condition

Sewer Maintenance employees are required under guidelines established by the City and the Occupational Safety and Health Administration (OSHA) to meet various safety training requirements. Sewer Maintenance employees are trained in a variety of areas including hazardous chemical use, street barriers, forklifts, blood borne pathogens, hearing conservation, confined space entry, and safe lifting. The frequency of the training varies from annually to every three years. The Department of Field Operations has a Safety and Health Officer (Safety Officer) that oversees training for the Department's employees including those in Sewer Maintenance.

The Field Operations Safety Officer requires employees attending training classes to sign-in as evidence of their attendance. While these detail attendance records are filed away by the Safety Officer, the training status of employees in relation to City and OSHA training requirements is not summarized for all training received and is not readily accessible to Sewer Maintenance management. As a result, Sewer Maintenance management lacks readily accessible information to monitor the training status and training needs of employees in relation to OSHA and City safety training requirements.

Sewer Maintenance uses what is known as the *New Employee Orientation Checklist* to guide supervisors through areas to be discussed with new employees and the training they should initially receive. This checklist has not been updated since March 14, 2001 and the training section is not reflective of current requirements.

Cause

- Lack of a formalized employee safety training status summary for reference by Sewer Maintenance management.

Effect

- Lack of readily accessible employee safety training information for Sewer Maintenance management.

Recommendation

The Field Operations Safety and Health Officer should regularly summarize the training status of Sewer Maintenance employees in relation to OSHA and City safety requirements. This summarization should be made available to Sewer Maintenance management. The Field Operations Safety and Health Officer should also work with Sewer Maintenance management in updating their *New Employee Orientation Checklist*.

8. PERFORMANCE MEASUREMENTS

Criteria

Performance measurements and the method by which the measurements are gathered or derived should be clearly defined and consistent from one reporting period to another.

Condition

Sewer Maintenance currently tracks the following performance measurements:

- Sewer mains cleaned (miles)
- Sewer mains televised (feet) – contracted
- Sewer laterals televised (feet) – in-house
- Reportable sanitary sewer overflows

In testing this data, the following issues were noted:

- *Sewer mains televised (feet)* – The total linear feet of the lines scheduled to be inspected is reported rather than the total linear feet of lines actually surveyed. There are regular differences in these numbers due to obstructions encountered by the inspection contractor.
- *Sewer laterals televised (feet)* – The total number of occurrences where a sewer lateral was televised/recorded by staff members is reported rather than the total number of linear feet as the title of this measurement implies.

- *Reportable Sanitary Sewer Overflows* – Differences were identified between the number of SSO's reported on the performance measurement spreadsheet and that shown on the Quarterly SSO Report Activity spreadsheet. It is unclear what the differentiation is between a "reportable" and a "non-reportable" SSO for purposes of this performance measure.

There are no documented operational procedures defining these performance measurements and how they should be derived.

Sewer Maintenance will soon begin tracking and reporting the following new performance measurements:

- Percentage of sanitary sewer overflows resolved in less than 4 hours of notification
- Percentage of associated damage claims denied for lack of responsible cause

Sewer Maintenance has not yet established how data for these performance measurements will be gathered.

Certain performance measurements not currently being summarized that may be useful for Sewer Maintenance and Field Operations management include the following:

- Number of lateral line stoppage service calls made.
- Number of lateral line repairs made.
- Revenue received from lateral line repairs.
- Number of non-overflow stoppages responded to.
- Average response times to incidents.

Cause

- Lack of documented performance measurement definitions.

Effect

- Potential for inaccurate or inconsistent performance measurements for management use and decisions.

Recommendation

Sewer Maintenance management should:

- Evaluate the appropriateness and value of the current performance measurements being tracked.
- Evaluate whether additional performance measurements should be tracked.
- Document the definition and derivation of each performance measurement used.
- Ensure the performance measurement titles properly reflect the data being reported.

9. PUBLIC REPORTING USING CITY WEBSITE

Criteria

On-line customer service screen menus should help guide users through the menu structure and provide useful information.

Condition

The public can report sewer problems to Sewer Maintenance using the City's website. This information feeds into the Hansen System for review and tracking by the Streets and Sanitation Division. The following issues with the City website screens and the Hansen System were identified:

- The Streets and Sanitation Division regularly receives sewer billing questions from the public through the City's website. Sewer billing issues are handled by the Department of Finance, not Sewer Maintenance. The current menu options available to website users may contribute to this problem. While users have the menu options *Sewer Billing* and *Streets and Sewer Services* to choose from, the use of the term *Sewer Services* may be too general. The use of the term *Sewer Maintenance* may help to further differentiate the two menu options.
- While the maintenance of streets and sewers are overseen by the same City division, it may be helpful to have separate menu options on the website for these two areas.
- On a request for help screen, the only description of the areas handled by Sewer Maintenance is *sewer odors and blocked sewers/drains*. This description could be expanded to include more of the issues handled by Sewer Maintenance (e.g., bug problems, missing or damaged manhole covers, sewer overflows). In addition, this screen could be used to encourage the public to immediately call-in sewer overflows and to educate the public on their responsibility for maintenance of their lateral sewer lines.
- Website users have the option of providing their email address in a field next to the statement, *Required to receive status of request via email*. Users also have the option of checking a box that reads, *Please contact me regarding the progress of this request*. These statements imply that if users provide their email address, they will get updates on the status of their request via e-mail. In testing this function, it was discovered that the e-mail notification function has been turned off without any change to the verbiage on the website screens.

- Within Hansen, City staff members have the following options for identifying the nature of a reported sewer issue:
 - SABUGS (bug problems)
 - SAMH (manhole cover off or missing)
 - SASO (sewer odor)
 - SASTP (sewer stoppage)
 - SAOTH (other)

No option is available to identify and track sewer overflows. Considering the significance of overflows for reporting purposes, this should be an option.

Cause

- City website menu deficiencies.
- Hansen system option limitation.

Effect

- Problem reports being forwarded to wrong department.
- Public may have expectation of a return e-mail with status of City's response to reported issue.
- Lack of ability within Hansen to differentiate between sewer stoppages and overflows.

Recommendation

Sewer Maintenance management should work with the City's Information Technologies Department to address the noted deficiencies in the website menu screens being used by the public to report sewer problems. In addition, Sewer Maintenance management should request that a sewer overflow category be added in Hansen to allow for differentiation between sewer stoppages and overflows.

10. STANDARD OPERATING PROCEDURES

Criteria

Standard operating procedures (also known as desk procedures) address the key activities and processes of an organization, how they are performed, and by whom. They assist employees and management in performing the daily functions of an organization. These procedures formally establish employee accountability, provide orientation and reference material for employees, and document the institutional knowledge of existing staff in case of employee turnover or extended absences.

Condition

Sewer Maintenance has minimal documented operating procedures for their primary functions and processes. The primary functions of Sewer Maintenance are identified in the Department's Strategic Business Plan as follows:

- Sanitary sewer conveyance component maintenance and repairs (cleaning of main lines, line repairs, video inspections, manhole repairs, diversion operations).
- Sanitary sewer private collection component responses (identification of lateral issues and provision of customer service assistance).
- Sanitary sewer overflow ("SSO") responses (removal of obstructions and restoration of flow, mitigation of contamination, and regulatory compliance reporting).

Cause

- General familiarity of existing practices and protocol among employees.

Effect

- Potential for loss of institutional knowledge with employee turnover or extended absences.
- Reduced staff accountability without documented procedures.

Recommendation

Sewer Maintenance management should create documented standard operating procedures for its three primary functions to enhance management oversight, improve staff accountability, provide orientation and reference material for staff, and document the institutional knowledge of existing staff in case of employee turnover or extended absences. For purposes of this audit, documented standard operating procedures should be created for the following areas:

Sanitary sewer conveyance component maintenance and repairs (cleaning of main lines, line repairs, video inspections, manhole repairs, diversion operations)

- Daily responsibilities of work crews including documentation requirements (see Finding #1)
- Use of Hansen customer complaint/service system
- Monthly activity summarization and reporting
- Video inspection program (see Finding #4)
- Equipment and supplies inventory control program (see Finding #6)
- Overtime and after-hours call-out rotation
- Performance measurement summarization (see Finding #8)
- Document retention compliance guidelines

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July 25, 2008

Sanitary sewer private collection component responses (identification of lateral issues and provision of customer service assistance)

- Lateral line customer assistance program

Sanitary sewer overflow (“SSO”) responses (removal of obstructions and restoration of flow, mitigation of contamination, and regulatory compliance reporting)

- NDEP Spill Reporting Policy compliance (see Finding #2)
- Call Before You Dig program compliance (see Finding #5)

MANAGEMENT RESPONSES

1. ACTIVITY RECORDS

Recommendation: Sewer Maintenance management should evaluate the recordkeeping deficiencies identified within this audit finding and make necessary changes to improve the correlation, reliability, and usefulness of its internal records. Sewer Maintenance management should document guidelines to be followed in completing the key documents and spreadsheets used in its operations. The following ideas should be considered:

- Work activity categories could be created that align with management reporting requirements and performance measurements for use on the *Daily Sheets*. These work activity categories could be documented on the *Daily Sheets* for reference by the work crews.
- A work activity summarization box could be added to the *Daily Sheets* where work crews could summarize their daily activities by the established work activity categories. The information from this box could be accumulated on a spreadsheet.
- When a crew responds to a service request from Hansen, the corresponding service request number could be documented on the *Daily Sheet*.
- A monthly report could be generated from Hansen and reviewed to ensure that all required *SSO reports* have been completed.
- The *All SAN Calls Spreadsheet* could be expanded to document more information on the nature of each call and whether the event is reportable.

Management Action Plan:

- The format of the *Daily Sheet* will be reviewed and modified to provide for more efficient collection of data.
- A graphical map component will be added to allow for quicker and verifiable determination of activity dates for a specific location (e.g., response to subpoena request).
- Productivity as measured by hourly cleaning rates will be collected and compared to ensure all crews are performing within an acceptable statistical deviation from average productivity.
- The form will be constructed to allow for comparison with the @Road GPS stop log results, and random audits will be instituted to ensure appropriate and consistent levels of crew productivity.
- Tabular formatted activity sheets will be utilized for daily events other than cleaning activities, and to document responses to external concerns (e.g., Hansen) and identify field noted issues (e.g., partial blockages). The *All SAN Calls Spreadsheet* will be modified and/or replaced by this collection of data.
- Cost summary sheets, similar to those currently used for lateral repairs, will be implemented for non-routine activities, (e.g., lateral repairs, manhole repairs,

support for other divisions), in order to identify the value of expenditures on activities other than routine maintenance.

- The Hansen data entry will be reviewed to ensure false reports of sanitary sewer overflows (e.g., leaking water meters, “bubble-up” storm drain manholes) are correctly identified as such.
- A quarterly review of the data collection results, individually and collectively among staff, will be established.

Estimated Date of Completion:

- The new data collection sheets will be implemented by October 1, 2008.
- The GPS random audits will be implemented by November 1, 2008.
- The quarterly review meetings will be implemented by January 15, 2009.

2. SPILL REPORTING REQUIREMENTS

Recommendation: Sewer Maintenance management working with the City’s Public Works Environmental Division should seek clarification from NDEP on whether sewer stoppages without an overflow need to be included in the Quarterly SSO Report. If not needed, Sewer Maintenance should discontinue use of the SSO Report for documenting stoppages without an overflow and create an alternative means for documenting and monitoring these stoppages.

Sewer Maintenance management should create documented policies and procedures giving direction to their employees on how to comply with the *Spill Reporting Policy*. These policies and procedures should include guidance on the following areas:

- staff member responsibilities
- proper completion of data fields on SSO Reports
- when to complete a 24-hour report and the required distribution of the report
- supporting documentation requirements

Management Action Plan:

- In accordance with the definition of an SSO in the original reporting policy developed in conjunction with staff from the Nevada Department of Environmental Protection, which states that “SSO means any diversion, bypass, spill, overflow or discharge of untreated or partially treated wastewater from wastewater treatment, collection, or conveyance facilities under control of the permittee, other than through points of discharge identified in a discharge permit”, staff will no longer report stoppages without overflows as an SSO. Instead full and partial stoppages will be tracked internally only, via the activity sheets described in Item 1, and a TBD graphical format (e.g., a map with color coded incidents, GIS layer input added in conjunction with PW staff).
- A SSO procedure will be compiled and all staff trained on response and documentation requirements and activities.

- The procedure will include 24-hour and 5-day report requirements, but primary responsibility for those activities will remain with the Division Manager, as these incidences will by nature have property damage and/or regulatory citation liabilities.
- Compilation of mitigation costs will be added to the SSO tracking.

Estimated Date of Completion:

- Identification of stoppages without overflows, in the SSO reporting submitted to NDEP, will be eliminated on July 1, 2008.
- Training and implementation of internal SSO response and documentation procedure will be implemented by September 15, 2008.

3. CLARK COUNTY PERMITS

Recommendation: Sewer Maintenance management working with the City Attorney's Office and Public Works should enter into discussions with Clark County representatives to create an intergovernmental agreement giving them access to the city sewer lines running through Clark County land without the need for individual permits.

Management Action Plan:

- Previous S&S requests to have this issue addressed in associated agreements have been rejected by PW and CAO, so this will need to be a stand-alone agreement. The City will have little leverage with the County in any negotiations, and the County would likely prefer to treat the City similar to other utility providers (e.g., Nevada Power, Southwest Gas). Unless the City is willing to take a firm stance on this issue (e.g., no further connections until an agreement is executed), we may find the County uncooperative and/or unrealistic. Nonetheless S&S staff will work with County maintenance staff to draft an agreement for review by the respective Public Works and Attorney staffs.

Estimated Date of Completion:

- The draft will be forwarded for PW and CAO review and action by March 1, 2009.

4. VIDEO INSPECTION PROGRAM

Recommendation: Sewer Maintenance management should pursue transferring the responsibility and costs for the video inspections to contractors and developers. Sewer Maintenance management should document the details of the new program including:

- Procedures to be followed by staff members
- Requirements of contractors and developers including forms to be completed and documents to be submitted

- Timelines to be followed by staff members
- Deadlines for contractors and developers

If the new program is not implemented, Sewer Maintenance management should:

- Revise the verbiage relating to charging contractors and developers for standby/re-test time or implement a method by which fees could be assessed.
- Improve monitoring of the performance of the video inspection program by documenting and tracking at a minimum the video inspection request date, acceptance date, rejection date, and reason for the rejection.
- Create a formal letter of rejection template with reference to applicable sewer design and construction standards for distribution to contractors and developers on rejection of a sewer line.
- Reconcile the video inspection contractor invoices to the detail video inspection reports.

Sewer Maintenance should determine what performance measurements relating to the video inspection program should be tracked and ensure the measurement titles properly reflect what is being reported.

Management Action Plan:

- Review history of expenditures and results for this program to confirm and demonstrate that it has not historically been a cost effective use of resources.
- Review activities and incoming project listings of the last few months to demonstrate the program need has been drastically reduced due to the slow down in residential and commercial construction.
- Draft modification for standard Off-Site Improvement Agreement template to define requirements for Developer provision of video inspections, and address requirements for open agreements.
- Submit proposal to FO Director, select PW staff, select Finance staff, HR management and CAO for program elimination, Off-Site Improvement Agreement modification, and elimination/reallocation of assigned resources.

Estimated Date of Completion:

- The proposal will be submitted by July 1, 2008.

5. CALL BEFORE YOU DIG PROGRAM COMPLIANCE

Recommendation: Sewer Maintenance management working with Public Works (Traffic Engineering and Engineering Planning Divisions) should further evaluate the adequacy of their compliance with NRS 455 and what additional measures should be taken to ensure compliance. Sewer Maintenance management should document its methodology, policies, and procedures for complying with NRS 455.

Management Action Plan:

- This issue has been reviewed among the aforementioned Divisions and the consensus agreement is that visual identification through the installation of surface components (i.e., manhole lids), can be construed to provide compliance with the requirements of NRS 455, as it relates to sanitary sewer installations. Furthermore, given the infrequency of incidences and minimal costs the City has incurred with respect to this issue, it would not seem to be cost effective to implement a more stringent identification program.
- Sewer maintenance management staff will work with PW staff to see if additional improvements to the current system are appropriate.

Estimated Date of Completion:

- May 1, 2009.

6. EQUIPMENT AND SUPPLIES

Recommendation: Sewer Maintenance management should document and implement a formal equipment and supplies inventory control program. Periodic inventories of equipment and supplies should be conducted. Changes in supply levels should be evaluated for reasonableness based on activity. Sewer Maintenance management should consider requiring employees to document supplies being taken from the storage building.

Management Action Plan:

- A listing of equipment will be generated, with photographs of each, and compiled in a binder for documentation purposes. A quarterly inventory will be taken to ensure all equipment is accounted for.
- Supplies are generally procured on an as-needed basis, and fall into 2 categories, equipment replacement parts (e.g., hoses) and consumables (e.g., deodorant materials). The supplies will be included in the quarterly inventory review, and applicable procurements for the period in question reviewed to ensure consistent levels of use.

Estimated Date of Completion:

- The inventory and supply listing will be completed by August 15, 2008, and quarterly inventory reviews will start in January, 2009.

7. TRAINING TRACKING AND MONITORING

Recommendation: The Field Operations Safety and Health Officer should regularly summarize the training status of Sewer Maintenance employees in relation to OSHA and City safety requirements. This summarization should be made available to Sewer

Maintenance management. The Field Operations Safety and Health Officer should also work with Sewer Maintenance management in updating their *New Employee Orientation Checklist*.

Management Action Plan:

- Training class sign-in sheets are now being given to the City's HR Department for recording into the Oracle system for tracking and summarization purposes. A report showing the training status of Sewer Maintenance employees has been developed and will be given to management quarterly for their review. The first status report will be given to Sewer Maintenance management at the November 2008 Supervisory Meeting with a summary of the period from 7/1/08 to 9/30/08.
- Input will be given to Sewer Maintenance management on changes needed to the New Employee Orientation Checklist so it reflects current training requirements.

Estimated Date of Completion:

- First training status report will be created by November 2008.
- New Employee Orientation Checklist will be updated by August 1, 2008.

8. PERFORMANCE MEASUREMENTS

Recommendation: Sewer Maintenance management should:

- Evaluate the appropriateness and value of the current performance measurements being tracked.
- Evaluate whether additional performance measurements should be tracked.
- Document the definition and derivation of each performance measurement used.
- Ensure the performance measurement titles properly reflect the data being reported.

Management Action Plan:

- Identification of improved performance measurements will be considered during development of policies and procedures, with emphasis placed on quantitative cost-benefit analysis, productivity, and resource "leakage" due to external causes (e.g., support for other City Divisions, mandatory training).

Estimated Date of Completion:

- May 1, 2009.

9. PUBLIC REPORTING USING CITY WEBSITE

Recommendation: Sewer Maintenance management should work with the City's Information Technologies Department to address the noted deficiencies in the website menu screens being used by the public to report sewer problems. In addition, Sewer

Maintenance management should request that a sewer overflow category be added in Hansen to allow for differentiation between sewer stoppages and overflows.

Management Action Plan:

- Sewer problems are usually reported via phone call, as the system is generally an all or nothing application (i.e., either the sewage is flowing downhill or it is not) and citizens consider a non-functioning sewer system to be an immediate concern for which they make direct contact.
- Direct contact is preferable in the event of a sewer overflow so that response time is minimized. Staff will request IT provide a phone number for direct contact for notification of perceived sewer overflows.

Estimated Date of Completion:

- April 1, 2009.

10. STANDARD OPERATING PROCEDURES

Recommendation: Sewer Maintenance management should create documented standard operating procedures for its three primary functions to enhance management oversight, improve staff accountability, provide orientation and reference material for staff, and document the institutional knowledge of existing staff in case of employee turnover or extended absences. For purposes of this audit, documented standard operating procedures should be created for the following areas:

Sanitary sewer conveyance component maintenance and repairs (cleaning of main lines, line repairs, video inspections, manhole repairs, diversion operations)

- Daily responsibilities of work crews including documentation requirements (see Finding #1)
- Use of Hansen customer complaint/service system
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- Performance measurement summarization (see Finding #8)
- Document retention compliance guidelines

Sanitary sewer private collection component responses (identification of lateral issues and provision of customer service assistance)

- Lateral line customer assistance program

Sanitary sewer overflow (“SSO”) responses (removal of obstructions and restoration of flow, mitigation of contamination, and regulatory compliance reporting)

- NDEP Spill Reporting Policy compliance (see Finding #2)

Audit of Sanitary Sewer System
Maintenance Section
July 25, 2008

- Call Before You Dig program compliance (see Finding #5)

Management Action Plan:

- Applicable operating procedures will be developed and implemented.

Estimated Date of Completion:

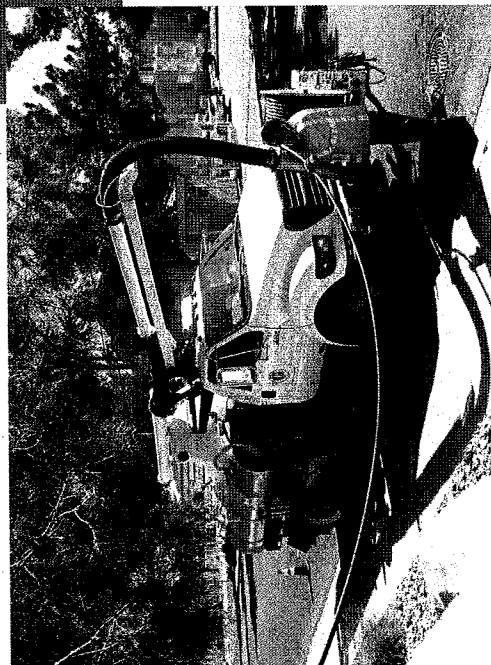
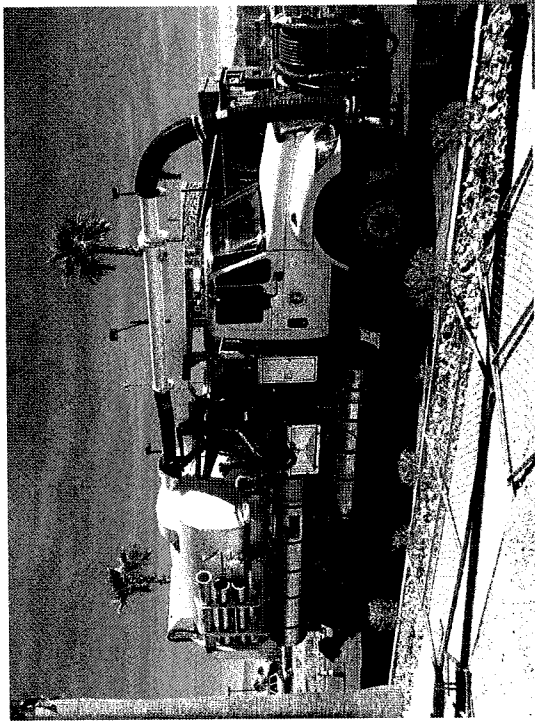
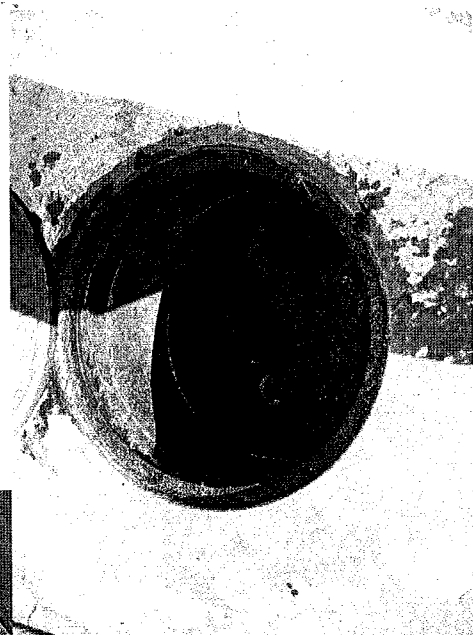
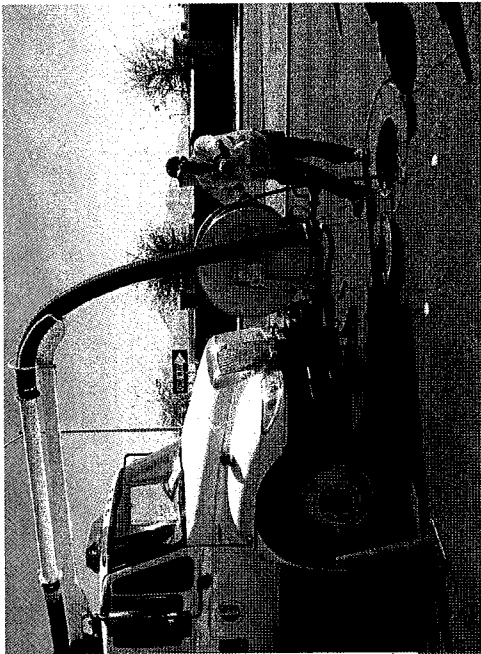
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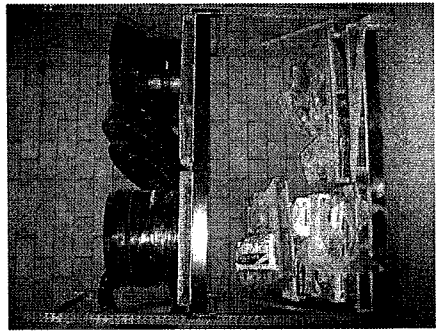
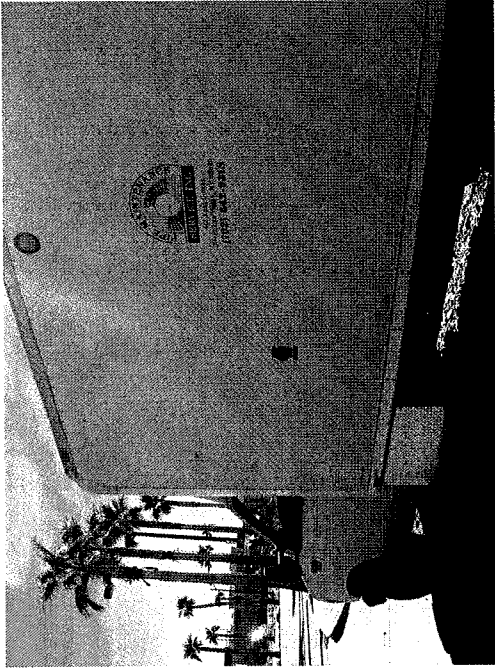
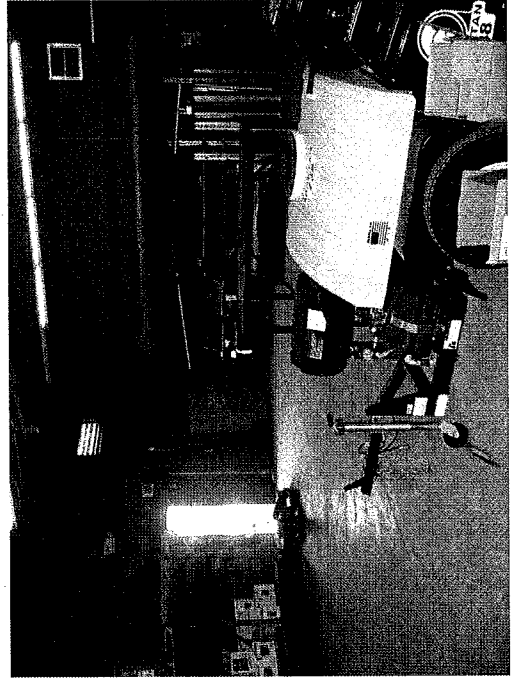
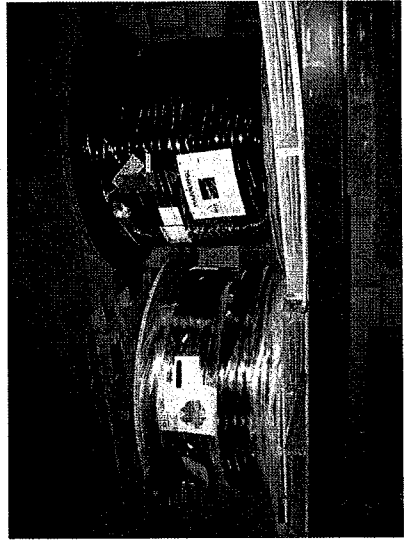
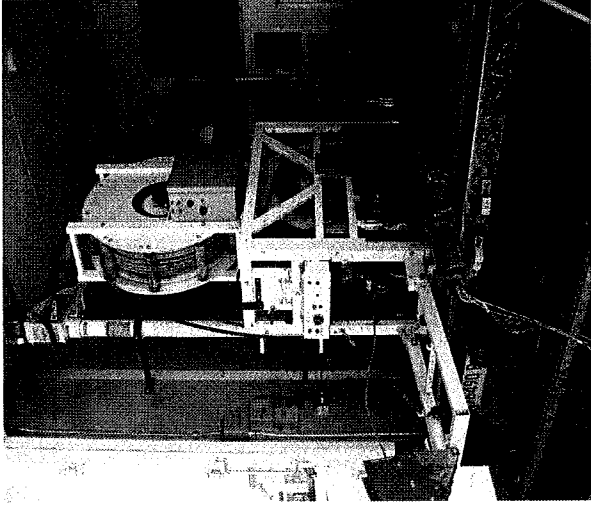
**Audit of
Sanitary Sewer System
Maintenance Section**

CAO 1703-0809-001

Background

- Sewer Maintenance is a section within the Streets and Sanitation Division of the Department of Field Operations.
- Performs routine maintenance and repairs of sewer lines
- Provides construction support
- Responds to sewer stoppages and overflows
- Coordinates video inspections of new sewer lines by outside contractor and reviews results.





Scope

- **Scope limited to Sewer Maintenance operations.**
- **Detailed testing primarily limited to 2007 records.**

Findings

- Activity Records
- Spill Reporting Requirements
- Clark County Permits
- Video Inspection Program
- Call Before You Dig Program Compliance

Findings (continued)

- **Equipment and Supplies**
- **Training Tracking and Monitoring**
- **Performance Measurements**
- **Public Reporting Using City Website**
- **Standard Operating Procedures**

Questions?

- Auditor: Bryan Smith
- Sewer Maintenance Management:
 - Larry Haugsness, FO Director
 - Jerry Walker, FO Deputy Director and Manager of Streets and Sanitation
 - Tracee Scott, Superintendent of Streets and Sanitation

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on Internal Control Review Activity Report June 30, 2008 (2900-0809-02)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To review the Internal Control Review Activity Report June 30, 2008 with the Audit Oversight Committee. The report is a compilation of all Internal Control Reviews performed from July 1, 2007 through June 30, 2008.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Internal Control Review Activity Report June 30, 2008 (2900-0809-02)



CITY AUDITOR'S OFFICE



INTERNAL CONTROL REVIEW ACTIVITY REPORT JUNE 30, 2008

Report No. CAO 2900-0809-02

September 17, 2008

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

INTERNAL CONTROL REVIEW ACTIVITY REPORT JUNE 30, 2008

CAO 2900-0809-02

BACKGROUND

The City Auditor's Office has the responsibility to Evaluate, Enhance, Educate, and Enforce internal control issues that come to the Office's attention.

- **Evaluate** - The Office independently and objectively performs Internal Control Reviews to evaluate applicable internal controls through professional expertise and judgment.
- **Enhance** - After evaluation, the Office makes recommendations to enhance the adequacy and effectiveness of existing controls and further recommends additional controls as appropriate.
- **Educate** - Through the Internal Control Review Memorandums to management and the periodic Internal Control Review Activity Reports, the Office educates management and others of appropriate internal controls.
- **Enforce** - Enforcement is limited to supplying data to management to help them enforce the policies and procedures of the City.

The results of the Internal Control Reviews are reported in two steps:

- An Internal Control Review Memorandum is released to the appropriate levels of management and the Mayor and City Council. This Memorandum assists management in the timely correction of control deficiencies.
- Semiannually, a summary report is made of all findings and recommendations from the Internal Control Review Memorandums and released in a *formal Internal Control Review Activity Report*.

This report summarizes the Internal Control Review Memorandums issued since the last Internal Control Review Activity Report (June 30, 2007), including findings, recommendations, and management responses. The recommendations are included in the follow-up system for tracking purposes.

**INTERNAL CONTROL REVIEW
ACTIVITY REPORT
JUNE 30, 2008
CAO 2900-0809-02
September 17, 2008**

OBJECTIVES

Our objectives in completing the *Internal Control Review Activity Report* are to:

- Review all activity for the period noted relative to internal control reviews;
- Document for tracking purposes findings and recommendations noted in Internal Control Review Memorandums; and
- Report to the public the results of activities of the City Auditor's Office.

The objectives of each of the Internal Control Reviews were to:

- Determine the adequacy of existing internal controls;
- Determine the reason(s) for any control failure;
- Recommend corrective action; and
- Report the results of our review.

SCOPE AND METHODOLOGY

The scope of the audit was limited to Internal Control Review Memorandums issued from July 01, 2007 through June 30, 2008.

The scope of our work on internal control was limited to the controls within the context of the objectives and the scope of each Internal Control Review.

Our audit methodology during each of the Internal Control Reviews included:

- Observing operations.
- Interviewing personnel.
- Reviewing records, reports, and other applicable documentation.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

**INTERNAL CONTROL REVIEW
ACTIVITY REPORT
JUNE 30, 2008
CAO 2900-0809-02
September 17, 2008**

INTERNAL CONTROL MEMORANDUMS ISSUED

1. ICR-037 Internal Control Review: West Community Center -- Short Deposit

Background: On February 22, 2007, Finance & Business Services contacted the City Auditor's Office concerning a deposit made by the West Community Center on February 14, 2007. Well's Fargo Bank reported that this deposit was short by \$301 and there were no signs of tampering of the deposit bag. Detention & Enforcement was notified and subsequently conducted an investigation into the missing funds. Detention & Enforcement was unable to determine who took the missing money and unable to solve this case.

Findings and Conclusions:

- The deposit in question was prepared by the Center Coordinator. The Coordinator stated that she had her staff verify and initial the deposit slip.
- The staff who initialed the deposit slip stated that she did not actually count the cash before initialing the deposit slip. The staff later recanted this statement.
- The Center Coordinator stated that after preparing the deposit and sealing it in the deposit bag, she left the deposit bag unattended when she went into another room.
- The Center Coordinator failed to identify the currency by denomination and total coins on the deposit slip.
- Leisure Services' Class Cash Drawer Procedures (1.21 H1d) only states that currency and coins should be filled out on the deposit slip. The procedures do not emphasize the need for detailing out the currency by denomination and the total amount of coins.

Recommendations:

1. Leisure Services management should formally remind its employees of the importance of detailing out the denominations of cash collected and total coins in the area provided on the deposit slip.
2. Leisure Services management should formally remind its employees of the importance of placing deposits in locked safes when not in their possession.
3. Leisure Services management should enhance its Class Cash Drawer Procedures by further clarifying the requirement to list currency by denomination and the total amount of coins on deposit slips.

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2. ICR-038 Internal Control Review: Delayed Deposits – City Attorney’s Office

Background: The City Attorney’s Office collects various fees from the public. These fees are typically small amounts and collected on an irregular basis. On June 22, 2007, the Department of Finance and Business Services identified that these funds were not being deposited in accordance with City policy.

Findings and Conclusions:

- The City Attorney’s staff was not recording cash receipts into the City’s cash receipting system (ATLAS) at the time of collection, but at a later time. Manual general receipts were issued to customers rather than ATLAS generated receipts despite having access to the ATLAS system.
- Upon review of collections and deposits for the period January 2, 2007 to April 3, 2007, we noted 19 transactions that were not deposited until 50 to 140 days after collection. This is a violation of the City’s Cash Handling Policy (FN302) that requires revenue collections to be deposited within 24 hours.
- We also noted that these funds were being placed in a locking bank deposit bag and locked in the supervisor’s office rather than being secured in the immediate area of where the funds were collected as required by the City’s Cash Handling Procedure (FN302a).

Recommendations:

1. The City Attorney’s Office should require its staff to enter revenue collections into ATLAS, generate ATLAS receipts for customers, and prepare deposits in accordance with the City’s Cash Handling Policy and Procedures and the ATLAS Cash Receipting System manual.
2. The City Attorney’s Office should turn in all but one general receipt book to Finance to discourage delayed recording of revenue collections into ATLAS and delayed deposits.
3. The City Attorney’s Office should request that a secure locking drawer be installed in the immediate area of where the funds are collected.

3. ICR-040 Internal Control Review: Muni Sports – Missing Funds (NSOA)

Background: In May 2007, the Muni Sports office staff was registering teams for softball registration and \$168.00 was collected from each team to pay the “Official Fees” to NSOA. At some point during this process, an envelope containing \$8,568 collected for NSOA, mostly in checks, went missing. It was a common practice for the owner of NSOA, to come into the Muni Sports office and take his envelope of fees collected out of the safe. At the time of this incident there was no safe access log, no accounting for the official fees remitted to NSOA and two Muni Sports employees who were working for NSOA after hours. This conflict of interest issue was addressed in the City Auditor’s

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Office Numbered Memo #0708-02, dated January 29, 2008. Due to the lack of internal controls, D&E was unable to submit for prosecution.

Findings and Conclusions:

- The Muni Sports Coordinator should have ensured the safe was locked at all times and followed the established cash handling procedures.
- The Muni Sports Coordinator should have established an approved procedure to account for and disburse the funds collected on behalf of NSOA.

Recommendations:

1. Leisure Services management should formally remind its employees who handle cash of the importance of adhering to the established cash handling procedures.
2. Leisure Services management should formally remind its employees of the importance of placing funds collected in locked safes when not in their immediate possession.
3. Leisure Services management should enforce their Department Policy on the Collection of Funds for Non-City Organizations (LS-33-PR).
4. Leisure Services management should ensure that all employees with outside jobs have an approved Outside Employment Request and that the outside employment does not conflict nor compete with the interests of the City.

4. ICR-041 Internal Control Review: Durango Hills Golf Course Deposit Theft

Background: On August 21, 2007, the City Treasurer's Office reported that DHGC bank deposits contained six personal checks of the DHGC's General Manager. These personal checks totaling \$4,540 were returned from the bank as Non Sufficient Funds (NSF).

The General Manager subsequently admitted to IRI management that he had purposely exchanged his personal checks with cash from the DHGC bank deposits of his staff. In addition, he regularly had his staff cash his personal checks from the cash register. A review of the DHGC's bank deposits from June 25 through August 8, 2007 showed that 14 of the General Manager's personal checks totaling \$6,888.85 had cleared the bank and 6 personal checks totaling \$4,540 were returned as NSF. Therefore, the City was short \$4,450 from the actions of the General Manager. Intermingling personal funds with City funds is a violation of the City's cash handling policies and procedures.

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Findings and Conclusions:

The opportunity for this theft existed due to the following:

- The DHGC cashier staff did not adhere to the City's cash handling policies and procedures by accepting the General Manager's personal checks in exchange for cash.
- The DHGC General Manager took advantage of his position by requesting that his staff cash his personal checks.
- The DHGC General Manager tampered with the cashier's deposits by taking cash out of their deposits and replacing the cash with his personal checks.

Recommendations

1. The Department of Finance should send a written reminder of the City's cash handling policies and procedures to IRI Management and request that they implement procedures to ensure that the DHGC General Manager is in compliance with these policies and procedures.
2. The Treasurer's Office should provide the new DHGC General Manager with training to ensure the establishment of proper cash controls, segregation of duties, and management oversight.
3. The Treasurer's Office should enhance their oversight of cash handling procedures at DHGC to ensure that proper cash handling procedures are being followed and spot check daily cashier reports against actual bank deposits.

5. ICR-043 Internal Control Review: Department of Leisure Services – Property Theft and Procurement Card Fraud

Background: In January 2007, Detention and Enforcement Officers recovered 93 items belonging to the City with an estimated value of \$25,900. These items had been taken over several years by a City of Las Vegas employee with the ACE Division of the Department of Leisure Services. Items included audio-visual equipment and other equipment used by the Division in its operations. Items were found at the employee's home and his storage unit. Some of the recovered items were easily identified by City of Las Vegas property tags while other items required verification through cross-referencing to serial numbers, sales receipts and other documents.

The employee was terminated on February 8, 2007 and he was subsequently charged with Burglary, Embezzlement, and Possession of Stolen Property.

Findings and Conclusions:

The employee had taken some of the items directly from City facilities while others were purchased by the employee using a City P-Card and taken home.

The employee was able to take the City's property without detection because of control failures in the following areas:

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- Leisure Services Management failed to adequately oversee the department/division fixed asset inventory in compliance with FN210a.1.
- The ACE Division stores its equipment in several different inside and outside locations. Outside storage areas are fenced but lack an alarm system. Management failed to maintain adequate control over custody of the assets.
- The ACE Division failed to adequately operate the equipment tracking program for monitoring the location of items.
- The ACE Division failed to perform adequate and periodic inventory counts of equipment.
- The ACE Division failed to verify items purchased with P-Cards are received by the City.
- Leisure Services Management failed to adequately oversee the department/division fixed asset inventory in compliance with FN210a.1. The Department of Leisure Services failed to comply with this policy because it did not enforce an established inventory/equipment tracking program or perform regular inventories of its equipment.
- Leisure Services Management failed to require adequate review by approvers in compliance with FN605a.1. Supervisors with responsibility for reviewing the employee's purchase receipts failed to identify the fabricated receipts despite obvious "red flags" of fraud.

Leisure Services Management failed to require adequate review by approvers in compliance with FN605a.1. The employee purchased personal items utilizing his City P-Card. The true nature of the purchases was hid by falsifying receipts submitted for supervisory review. Supervisors with responsibility for reviewing the purchases and supporting receipts failed to notice glaring evidence that the receipts had been fabricated (e.g., noticeable spelling errors, receipts without store logos, unusual paper type for a receipt, excuses by employee for not submitting original receipts).

Recommendations:

1. Leisure Services Management should follow and require ACE Management to follow Fixed Asset Procedure FN210a.1 to include the following elements:
 - Master equipment listing (using a dollar threshold deemed appropriate by management) with the location of the equipment.
 - Procedures for receipt and recording of equipment into the master equipment listing.
 - Use of City equipment identification tags where deemed appropriate.
 - Check-out procedures when equipment is taken off-site for an event.
 - Regular inventory procedures (at a minimum annually).
 - Reconciliation of the pieces of equipment with a cost greater than \$5,000 on the master equipment listing to Finance's fixed assets records and IT purchased equipment to IT records.
 - Procedures to be followed when equipment is identified as surplus or damaged.

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2. Leisure Services management should create a policy prohibiting personal use of City property and storage of City property at personal residences. This policy should be communicated to employees and employees should be warned of the serious consequences for violation of this policy.
3. ACE management should work with Detention & Enforcement in evaluating the adequacy of security at equipment storage locations.
4. Leisure Services Management should require an adequate review by ACE managers and supervisors. This should include the following:
 - Instruction on how this P-Card fraud was perpetrated.
 - Direct the approvers on appropriate techniques and practices to identify questionable transactions, including appropriate follow-up.
 - Instruct approvers to be more thorough in their review of P-Card receipts.

6. ICR 044 - Internal Control Review: Missing Safekey Deposit at Doolittle Community Center

Background: On Tuesday, April 10, 2007, a Doolittle Community Center Sr. Recreation Leader opened the safe and took out nine deposit bags, signed the safe log and proceeded to the Wells Fargo Night Depository. On April 13, 2007, all but one deposit for \$174.00 (\$104.00 in cash and a \$70 check) were posted by the bank.

The Sr. Recreation Leader said, "I wrap the bags to ensure that they are all dropped and I double check the bank drawer to make sure that everything has fallen. The bags might be stuck together." We spoke to a bank representative who stated that they did not have any problems with bags being stuck together. The bank also reviewed their courier manifest and vault logs and the deposit bag had not been recorded in either place.

When Detention & Enforcement completed their Case Summary on May 22, 2007, the \$70.00 check had not yet been negotiated. Safekey management had not yet requested a replacement check from the customer when questioned in October 2007. They subsequently requested and received a replacement check. The cash from the deposit remains missing.

Findings and Conclusions:

Detention & Enforcement was unable to determine whether the missing deposit was stolen or lost by the Sr. Recreation Leader. With the nine plastic deposit bags wrapped up together during transportation to the bank, the missing bag may have been dropped. The deposit bags would have been more secure if carried to the bank in a carrier such as a bank bag.

Due to miscommunication between D&E and Safekey staff, Safekey management did not request a replacement check from the missing deposit in a timely manner.

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Recommendations

1. Leisure Services should require staff members to use a transport carrier/bank bag when taking multiple deposits to the bank.
2. Leisure Services should maintain a log of missing or stolen customer checks to ensure efforts are made in a timely manner to recoup funds.

7. ICR 045 - Internal Control Review: Misuse of FedEx Account (Leisure Services)

Background: On February 9, 2008, a Buyer in Purchasing and Contracts identified a FedEx Air bill (air bill) for \$55.91 that Finance and Business Services could not properly pay due to missing accounting coding. An Accounts Payable clerk asked the Buyer to research the air bill.

The air bill had Leisure Services' name and address on the preprinted form, but the Leisure Services Accounting Technician was unable to determine who actually sent the package. The Accounting Technician emailed department employees twice requesting information on who had sent the package. No responses were received.

A Recreation Leader from Safekey finally came forward and explained that she had sent a package of Leisure Services brochures to Pearland, Texas using a Leisure Services pre-printed air bill.

Upon further investigation, inconsistencies were found in her story and there were indications that the package was personal as follows:

- The 20 lb package was sent FedEx Priority Overnight to a residential address. It would be rare for any Leisure Services package to be sent priority overnight or to a residential address.
- Safekey supervisors stated that they had not given permission for sending any brochures to anyone and were not aware of any reason for sending the brochures to the addressee on the air bill.
- The addressee identified on the air bill was LDT. The package was sent to an address whose property owners have these initials in their name. The Recreation Leader apparently tried to disguise that the package was being sent to an individual by using the first letters of the names of the property owners to give the appearance that the addressee was a business.

Findings and Conclusions:

- There was no control of blank air bills, allowing anyone the opportunity of shipping personal items at City's expense.

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- There was no written policy or procedure governing the use of commercial shipping which amounted to approximately \$33K in 2007.

Recommendations:

1. Leisure Services Management should prepare a desk procedure for using commercial shipping services.
2. Leisure Services Management should ensure that air bills are controlled and logged for each use.
3. Leisure Services Management should modify LS-13, Guiding Work Principles to include the misuse of shipping services, e.g., USPS, FedEx, UPS, etc.
4. Finance & Business Services should draft a desk procedure for all departments using City paid commercial shipping services.

8. ICR-047 Internal Control Review: Muni Sports – Missing Funds

Background: On Tuesday, March 11, 2008, an Office Specialist working at the Muni Sports Office left work without balancing out or making a deposit. The last transaction she handled for \$475.00 in cash, which she states went into the cash drawer. Upon returning to work on Friday, March 14, 2008, she could not find the \$475.00 in cash, but funds received from other transactions were still in the cash drawer. The override key to the cash drawer was hanging on a wall in plain view of other employees. The Office Specialist did not inform her Supervisor of the loss until late afternoon on March 14, 2008. When the D&E investigator asked who had the combination to the safe, it was discovered that a previous employee (who is under investigation for a loss of funds) still had the combination to the safe. The City locksmith was notified and the combination was changed. It was also noted that there was only one cash drawer used by multiple employees. These employees kept the funds collected at their desks. The CLASS system administrator was notified and additional cash drawers have been ordered. D&E was unable to determine who took the missing money.

Findings and Conclusions:

- The Office Specialist should have informed her Supervisor that she had money that was not deposited before she left the office.
- The Office Specialist should have called her Supervisor informing him that she did not balance out for the day.
- The Supervisor should have checked the cash drawer and safe to ensure that all deposits were out of the safe and taken to the bank for deposit.
- The Supervisor should have checked the CLASS system to determine if everyone balanced out for the day.

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- The Supervisor should have called the City locksmith when the employee with knowledge of the safe combination transfers to other location.
- The cash drawer override key should have been secured and controlled by the Supervisor.

Recommendations:

1. Leisure Services management should formally remind its employees who handle cash of the importance of adhering to the established cash handling procedures.
2. Leisure Services management should formally remind its employees of the importance of placing funds collected in locked safes when not in their immediate possession.
3. Leisure Services management should enforce its Class Cash Drawer Procedures by further clarifying that supervisors should review Class transactions each day for their employees to ensure funds are deposited daily and not left in cash drawers or safes.
4. Leisure Services management should ensure that override keys are properly secured and used only when necessary.
5. Leisure Services management should ensure that the safe combinations are changed according to the cash handling policy and procedures.

**MANAGEMENT RESPONSES
TO
INTERNAL CONTROL REVIEW ACTIVITY REPORT**

1. ICR-037 Internal Control Review: West Community Center -- Short Deposit

Recommendation 1: Leisure Services management should formally remind its employees of the importance of detailing out the denominations of cash collected and total coins in the area provided on the deposit slip.

Management Response: The Field Supervisor assigned to oversee the operation of West Community Center will meet with staff to review City of Las Vegas Cash Handling Policies that applies to the incident.

Estimated Date of Competition: Completed: 08/28/07

Recommendation 2: Leisure Services management should formally remind its employees of the importance of placing deposits in locked safes when not in their possession.

Management Response: The Field Supervisor assigned to oversee the operation of West Community Center will meet with staff to review City of Las Vegas Cash Handling Policies that applies to the incident.

Estimated Date of Competition: Completed: 08/28/07

Recommendation 3: Leisure Services management should enhance its Class Cash Drawer Procedures by further clarifying the requirement to list currency by denomination and the total amount of coins on deposit slips.

Management Response: Management will review policies to ensure that all staff know and understand the mandated processes regarding cash handling.

Estimated Date of Competition: Completed: 09/7/07

2. ICR-038 Internal Control Review: Delayed Deposits – City Attorney’s Office

Recommendation 1: The City Attorney’s Office should require its staff to enter revenue collections into ATLAS, generate ATLAS receipts for customers, and prepare deposits in accordance with the City’s Cash Handling Policy and Procedures and the ATLAS Cash Receipting System manual.

Management Response: A RJC Cash Handling Procedure and/or instruction manual was prepared and distributed to each ATLAS user. Each ATLAS user was trained on entry and deposit preparation.

Estimated Date of Competition: Completed: 08/9/07

Recommendation 2: The City Attorney’s Office should turn in all but one general receipt book to Finance to discourage delayed recording of revenue collections into ATLAS and delayed deposits.

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Management Response: These will be gathered and returned immediately. The remaining receipt book will only be used only in emergency and/or as approved by the supervisor.

Estimated Date of Competition: Completed: 08/13/07

Recommendation 3: The City Attorney's Office should request that a secure locking drawer be installed in the immediate area of where the funds are collected.

Management Response: There is a secure drawer in the immediate area, as well as, in each ATLAS user work station so that they may maintain custody of the collections until the daily processes are completed. Each ATLAS user has received an individual locking bank bag and key, as well as, as key to individual secure drawers to maintain the funds until the deposit is completed and submitted to the Municipal Court safe.

Estimated Date of Competition: Completed: 08/9/07

3. ICR-040 Internal Control Review: Muni Sports – Missing Funds (NSOA)

Recommendation 1: Leisure Services management should formally remind its employees who handle cash of the importance of adhering to the established cash handling procedures.

Management Response: Cash Handling Training was provided in 07, and again on 4/17/08 2:00pm – 3:00pm at the Sports Office, all current full time employees were in attendance.

Estimated Date of Completion: 4/17/08

Recommendation 2: Leisure Services management should formally remind its employees of the importance of placing funds collected in locked safes when not in their immediate possession.

Management Response: This was completed with all full time employees in attendance at the meeting on 4/17/2008.

Estimated Date of Completion: 4/17/08

Recommendation 3: Leisure Services management should enforce their Department Policy on the Collection of Funds for Non-City Organizations (LS-33-PR).

Management Response: The ICR was completed May 14th; the Department is currently in the process of disciplining employees for the incident.

Estimated Date of Completion: 6/13/08

Recommendation 4: Leisure Services management should ensure that all employees with outside jobs have an approved Outside Employment Request and that the outside employment does not conflict nor compete with the interests of the City.

Management Response: Agreed. This will be an ongoing and a continuing process.

Estimated Date of Completion: 4/17/08

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4. ICR-041 Internal Control Review: Durango Hills Golf Course Deposit Theft

Recommendation 1: The Department of Finance should send a written reminder of the City's cash handling policies and procedures to IRI Management and request that they implement procedures to ensure that the DHGC General Manager is in compliance with these policies and procedures.

Management Response:

We have sent the cash handling policies and procedures to IRI Management along with a request they implement procedures to ensure DHGC General Manager is in compliance. We indicated we would be setting up a meeting to follow up with IRI Management to review the procedures they have put in place, in mid June.

Estimated Date of Completion: 6/30/08

Recommendation 2: The Treasurer's Office should provide the new DHGC General Manager with training to ensure the establishment of proper cash controls, segregation of duties, and management oversight.

Management Response:

We have sent the cash handling policies and procedures to the DHGC General Manager for review and indicated we would follow up in mid June with a training meeting to ensure that proper cash controls, segregation of duties, and management oversight have been put into place.

Estimated Date of Completion: 6/30/08

Recommendation 3: The Treasurer's Office should enhance their oversight of cash handling procedures at DHGC to ensure that proper cash handling procedures are being followed and spot check daily cashier reports against actual bank deposits.

Management Response:

The spot checking of daily cashier reports against the actual bank deposits has been added to the Treasury procedures for DHGC.

Estimated Date of Completion: 6/30/08

5. ICR-043 Internal Control Review: Department of Leisure Services – Property Theft and Procurement Card Fraud

Recommendation 1: Leisure Services Management should follow and require ACE Management to follow Fixed Asset Procedure FN210a.1 to include the following elements:

- A master equipment listing (using a dollar threshold deemed appropriate by management) with the location of the equipment.
- Procedures for receipt and recording of equipment into the master equipment listing.
- Use of City equipment identification tags where deemed appropriate.

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- Check-out procedures when equipment is taken off-site for an event.
- Regular inventory procedures (at a minimum annually).
- Reconciliation of the pieces of equipment with a cost greater than \$5,000 on the master equipment listing to Finance's fixed assets records and IT purchased equipment to IT records.
- Procedures to be followed when equipment is identified as surplus or damaged.

Management Response: Leisure Services management has been following FN210a to ensure that all relevant equipment is added to appropriate inventory lists. Leisure Services also has an inventory policy LS-38, along with assistance from finance this inventory is done annually across all facilities in LS, and equipment is tagged accordingly. All purchases over \$5000 follow the fixed asset inventory procedures and finance issues the appropriate tags for this equipment. In addition and since the incident the technical unit now keeps a record of all equipment use and movement by using sign out sheets for all equipment removed from the storage facility, equipment is not loaned out ever and a technical unit employee is always present and operating the equipment. FN210a.1 also covers the Surplus equipment subject and ACE management will have all full time staff read and sign the policy to keep on record as proof of reading and understanding the policy.

Estimated Date of Completion: 4/30/08

Recommendation 2: Leisure Services management should create a policy prohibiting personal use of City property and storage of City property at personal residences. This policy should be communicated to employees and employees should be warned of the serious consequences for violation of this policy.

Management Response: Leisure Services management has found it necessary to create a policy relating to this matter it can be found at every LS facility LS-13. ACE management is having all full time staff read and signs this particular policy to keep on record, as proof that the staff is aware of this policy and its consequences.

Estimated Date of Completion: 4/30/08

Recommendation 3: ACE management should work with Detention & Enforcement in evaluating the adequacy of security at equipment storage locations.

Management Response: A complete upgrade was completed on the Vegas Yard, in March 2008, with the installation of extra Lighting and 24hour video surveillance. This was completed by the Field Operations division under the supervision of Steve Ford.

Estimated Date of Completion: 4/30/08

Recommendation 4: Leisure Services Management should require an adequate review by ACE managers and supervisors. This should include the following:

- Instruction on how this P-Card fraud was perpetrated.
- Direct the approvers on appropriate techniques and practices to identify questionable transactions, including appropriate follow-up.
- Instruct approvers to be more thorough in their review of P-Card receipts.

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Management Response: Since the incident that has induced this audit, a new procedure was put in place by the Technical Supervisor that requires any and all P-Card holders to submit a Purchase Request for approval. Before obtaining supplies or services of any kind, only upon approval of this request can the purchase be made. In addition to this the Leisure Services Dept has also introduced a Pre-Purchase approval procedure, requiring prior approval for any purchases. A meeting was held with LS Finance to review procedures following the purchase to review the receipts and the P-Card reconciliation reports to validate the information.

Estimated Date of Completion: 4/30/08

6. ICR 044 - Internal Control Review: Missing Safekey Deposit at Doolittle Community Center

Recommendation 1: Leisure Services should require staff members to use a transport carrier/bank bag when taking multiple deposits to the bank.

Management Response: Recreation Division Management agrees with the Auditors recommendations and will comply. Deposit bags will be issued to all Community Center/Community School sites so that bank deposits may be handled securely. Direction on this procedure will be communicated in the form of an e-mail to all full-time Recreation Division Staff.

Estimated Date of Completion: 1/2/08

Recommendation 2: Leisure Services should maintain a log of missing or stolen customer checks to ensure efforts are made in a timely manner to recoup funds.

Management Response: Management agrees with the Auditors recommendations and will attempt to have the missing check(s) reissued by the patron(s). The Coordinator at the site where the issue occurred will be responsible for maintaining a log of missing, and reissued checks.

Estimated Date of Completion: 1/2/08

7. ICR 045 - Internal Control Review: Misuse of FedEx Account (Leisure Services)

Recommendation 1: Leisure Services Management should prepare a desk procedure for using commercial shipping services.

Management Response: The following email was forwarded by the Director to LS-All staff on Fri, Apr 18: *The attached desk procedure addresses the use of commercial shipping services. All staff must adhere to these procedures when utilizing these services.*

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**DESK PROCEDURES
FOR USE OF SHIPPING COMPANIES**

Leisure Services has established desk procedures to process shipping invoices for companies such as USPS, Federal Express, UPS and Yellow Transportation. There are outlined procedures for who is responsible for each step of the process below.

The most notable items detailed are:

1. the requirement to fill out a DPR to process the invoice,
2. the requirement that all ship tickets/air bills must be attached to the invoice,
3. the requirement that the DPR (as do all DPR's) must be signed by a Division Manager or above.

Also, please note that the use of the City's Procurement System, whether it is shipping of goods or use of a Pcard or PO to purchase personal goods or services is strictly prohibited, even if the amount purchased is reimbursed to the City of Las Vegas.

Responsibilities

Requester

- Shipments are for CLV business only, personal shipments are not allowed even if CLV is reimbursed.
- Confirm the invoice matches the ship ticket/air bill.
- Complete the DPR and attach original invoice and ship ticket/air bill, then forward to the approving authority for approval.

Approving Authority (Div Mgr or above)

- Verify the shipment is for CLV business.
- Ensure the DPR form is accurate and complete.
- Approve the DPR for payment by signing the appropriate line.
- Submit completed original documents to Accounts Payable.

Accounting Operations

- Verify DPR is complete and signed.
- Verify cost on DPR matches all attached invoices/ship ticket/air bill.
- Review documents for any discrepancies
- Attach all documents securely
- Process the invoice for payment
- Retain copy of DPR, invoices, ship/air bill in division specific file folder

Estimated Date of Completion: 1/2/08

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Recommendation 2: Leisure Services Management should ensure that air bills are controlled and logged for each use.

Management Response: recommendation addressed in the desk procedures.

Estimated Date of Completion: 1/2/08

Recommendation 3: Leisure Services Management should modify *LS-13, Guiding Work Principles* to include the misuse of shipping services, e.g., USPS, FedEx, UPS, etc.

Management Response: In the next meeting of the LS policies & procedures committee, LS will address amending LS-13, Guiding Work Principles, to include the following statement: *The use of the City's Procurement System, whether it be shipping of goods or use of a Pcard or PO to purchase personal goods or services is strictly prohibited, even if the amount purchased is reimbursed to the City of Las Vegas. In addition, use of USPS, FedEx, UPS, etc. is for CLV business only, personal shipments are not allowed.*

Estimated Date of Completion: 6/15/08

Recommendation 4: Finance & Business Services should draft a desk procedure for all departments using City paid commercial shipping services.

Management Response: Staff has been notified of the proper steps to process a Federal Express Bill. The Fraud Policy to clearly state that use of City Resources to procure personal items is prohibited, even if the purchase is reimbursed. This is currently under review by the CMO.

Correspondence sent to all Departments on proper processing of Federal Express Bills:

We have reviewed our practices in place for processing shipping invoices for companies such as Federal Express, UPS and Yellow Transportation. We have outlined who is responsible for each step of the process below. Please review the information below. Most notable items detailed below are the requirement to fill out a DPR to process the invoice, all ship tickets must be attached to the invoice and the DPR (as do all DPR's) need to be signed by a Division Manager or above. Also, please note item #1 below. The use of the City's Procurement System, whether it be shipping of goods or use of a Pcard or PO to purchase personal goods or services is strictly prohibited, even if the amount of purchased is reimbursed to the City.

Who is responsible for each step of the process?

Requester

1. Shipments are for CLV business only, personal shipments are not allowed even if CLV is reimbursed.
2. Confirm the invoice matches the ship ticket.
3. Complete the DPR and attach original invoice and ship ticket, then forward to the approving authority for approval.

Approving Authority

4. Verify the shipment is for CLV business.
5. Ensure the DPR form is accurate and complete.

**INTERNAL CONTROL REVIEW
ACTIVITY REPORT
JUNE 30, 2008
CAO 2900-0809-02
September 17, 2008**

6. Approve the DPR for payment by signing the appropriate line.
7. Submit completed original documents to Accounts Payable.

Accounting Operations

8. Verify DPR is complete and signed.
9. Verify cost on DPR matches all attached invoices.
10. Review documents for any discrepancies
11. Process the invoice for payment

Estimated Date of Completion: 1/2/08

8. ICR-047 Internal Control Review: Muni Sports – Missing Funds

Recommendation 1: Leisure Services management should formally remind its employees who handle cash of the importance of adhering to the established cash handling procedures.

Management Response: This was completed with all full time staff in attendance at a meeting on 4/17/2008 2:00 pm – 3:00 pm

Estimated Date of Completion: Completed 4/17/08

Recommendation 2: Leisure Services management should formally remind its employees of the importance of placing funds collected in locked safes when not in their immediate possession.

Management Response: This was completed with all full time staff in attendance at a meeting on 4/17/2008 2:00 pm – 3:00 pm

Estimated Date of Completion: Completed 4/17/08

Recommendation 3: Leisure Services management should enforce its Class Cash Drawer Procedures by further clarifying that supervisors should review Class transactions each day for their employees to ensure funds are deposited daily and not left in cash drawers or safes.

Management Response: This will be addressed specifically in a training provided by Marc Walters

Estimated Date of Completion: BY 5/13/08

Recommendation 4: Leisure Services management should ensure that override keys are properly secured and used only when necessary.

Management Response: Staff was directed to keep the over ride key in the safe at all times

Estimated Date of Completion: 4/18/08

Recommendation 5: Leisure Services management should ensure that the safe combinations are changed according to the cash handling policy and procedures.

Management Response: only the Leisure Activities Coordinator and Recreation Leader II now have the safe combination.

Estimated Date of Completion: The combination was changed the week of 4/10/08 immediately following the discovery of the missing funds.

Internal Control Review Activity Report June 30, 2008 (2900-0809-02)

- **Includes 8 Internal Control Reviews Issued In The 12 Months Ending 06/30/08**
- **28 RECOMMENDATIONS**
 - City Attorney's Office – 3**
 - Finance & Business Services – 3**
 - Leisure services – 22**

ICR ACTIVITY REPORT

- **CITY ATTORNEY'S OFFICE**

Delayed Deposits

- **3 Recommendations**

ICR ACTIVITY REPORT

- **FINANCE & BUSINESS SERVICES**

**Durango Hills Golf Course Deposit
Theft - 3 Recommendations**

ICR ACTIVITY REPORT

- **LEISURE SERVICES**

West Community Center – Short Deposit

- 3 Recommendations

Muni Sports – Missing Funds (NSOA)

- 4 Recommendations

Property Theft and Procurement Card Fraud

- 4 Recommendations

REPORT ICR ACTIVITY

- **LEISURE SERVICES - Continued**
 - Missing Safekey Deposit at Doolittle Community Center**
 - 2 Recommendations
 - Misuse of FedEx Account**
 - 4 Recommendations
 - Muni Sports – Missing Funds**
 - 5 Recommendations

ICR Activity Report

- **Management agreed on all 28 Recommendations.**
- **Recommendations will be tracked in our Follow-up Database.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on the Annual Audit Recommendation Follow-up as of June 30, 2008 (2600-0809-03)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

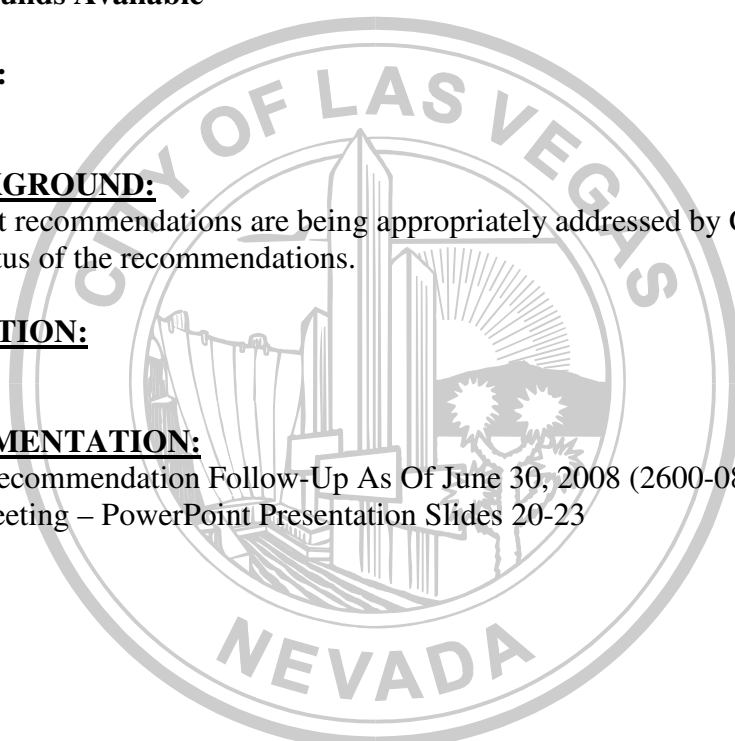
To ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Annual Audit Recommendation Follow-Up As Of June 30, 2008 (2600-0809-03)
2. Submitted at Meeting – PowerPoint Presentation Slides 20-23



CITY AUDITOR'S OFFICE



ANNUAL AUDIT RECOMMENDATION FOLLOW-UP

AS OF JUNE 30, 2008

Report No. CAO 2600-0809-03

October 9, 2008

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

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**Annual Audit Recommendation Follow-Up
Report No. CAO 2600-0809-03
October 9, 2008**

BACKGROUND





The City Auditor's Office has provided 1,052 audit recommendations requiring corrective action to City Departments since January 1, 1999. This report summarizes the status of these audit recommendations as of June 30, 2008.

OBJECTIVES

The objective of our follow-up program is to ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. City management is responsible for addressing audit recommendations. This follow-up is a process to help management fulfill this responsibility.

SCOPE AND METHODOLOGY

Our follow-up program is in accordance with Operating Instruction A. 210 of the City Auditor's Office Operating Instruction Manual. The status of each audit recommendation is identified using the following classifications:

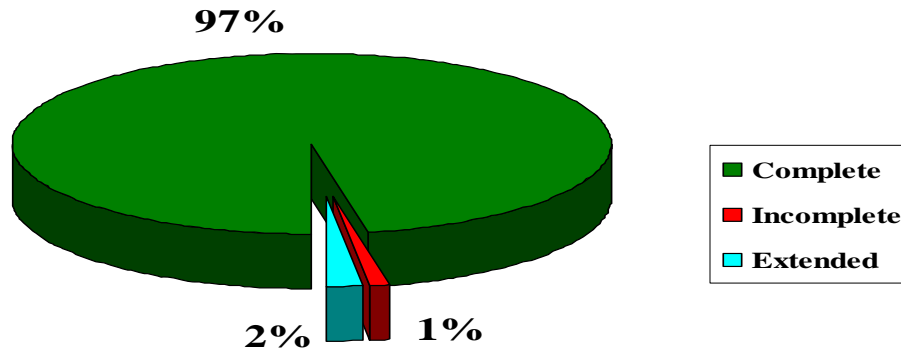
-  Complete The recommendation has been implemented or some other action has been taken to effectively correct the deficiency.
-  Incomplete The recommendation has not been implemented.
-  Extended The recommendation has not been implemented due to circumstances beyond the department's control.
-  Not Due Due date identified by management has not passed.

For each audit recommendation City management provides an estimated completion date. An audit recommendation is classified as being Not Due until this date has passed and then the audit recommendation becomes Incomplete or Extended. An audit recommendation remains in one of these classifications until City management completes the recommendation and notifies our Office. Subsequently, audit staff obtain and evaluate evidence supporting management's representation. If the evidence demonstrates that the recommendation has been adequately addressed, the auditor identifies the recommendation as being Complete.

CONCLUSION

The accompanying chart and tables (pages 2 to 4) summarize the status of the audit recommendations in total and by department. Following the chart, each audit recommendation is classified as Incomplete, Extended, or Not Due and listed by department. The Management Action Plan response was obtained from the original audit report. While city management has made progress toward the implementation of the audit recommendations contained in the various reports, additional efforts should be made in finalizing incomplete recommendations.

1,052 Recommendations January 1999- June 2008



	COMPLETE 1,017	INCOMPLETE 13	EXTENDED 20	NOT DUE 2	TOTAL 1,052
2007-2008	36	7	4	1	48
2006-2007	54	6	1	1	62
2005-2006	67	0	4	0	71
2004-2005	71	0	3	0	74
2003-2004	39	0	0	0	39
2002-2003	88	0	0	0	88
2001-2002	155	0	3	0	158
2000-2001	113	0	0	0	113
1999-2000	394	0	5	0	399

13 Incomplete Recommendations Summary

DEPARTMENT	Fiscal Year		
	2006-2007	2007-2008	TOTAL
Fire & Rescue	0	4	4
Information Technologies	2	--	2
Leisure Services	4	--	4
Office of Administrative Services	--	3	3
TOTAL	6	7	13

1,017 Complete Recommendations Summary

DEPARTMENT	Fiscal Year									TOTAL
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	
AFI	--	--	11	--	--	--	--	--	--	11
Building & Safety	54	1	--	--	--	--	--	7	4	66
City Attorney	--	--	--	--	1	--	--	--	--	1
City Manager	14	8	1	5	6	9	--	--	--	43
Detention & Enforcement	2	6	6	--	--	--	12	1	1	28
Field Operations	3	--	22	25	--	23	5	--	5	83
Finance & Business	43	31	43	26	2	5	3	11	4	168
Fire & Rescue	30	--	--	--	--	--	--	--	3	33
Human Resources	41	32	--	26	2	2	--	--	5	108
Information Technologies	83	--	37	--	--	4	--	8	--	132
Leisure Services	87	2	24	6	--	27	44	9	2	201
Municipal Court	29	10	--	--	--	--	3	1	--	43
Neighborhood Services	--	--	--	--	4	--	--	8	--	12
Office of Administrative Services	--	--	--	--	--	--	--	--	12	12
Office of Business Development	--	--	--	--	21	--	--	--	--	21
Office of Communications	--	--	--	--	--	--	--	9	--	9
Planning & Development	8	--	--	--	3	--	--	--	--	11
Public Works	--	23	11	--	--	1	--	--	--	35
TOTAL	394	113	155	88	39	71	67	54	36	1,017

RECOMMENDATION INDEX

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Audit of Building and Safety		
<i>2</i>	0753 0708 01 01. Legacy System Control Deficiencies	Extended 9
<i>3</i>	0753 0708 01 03. Hansen Expired Permit Fee Assessment	Extended 10
<i>4</i>	0753 0708 01 06. Performance Reports	Extended 10
<i>5</i>	0753 0708 01 07. Computer Access	Extended 11
<i>Detention and Enforcement</i>		
Audit of Detention and Enforcement Training Unit		
<i>6</i>	1401 0506 06 01. Training Database Limitations	Extended 12
<i>7</i>	1401 0506 06 02. Training Database Differences	Extended 13
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Audit of Durango Hills Golf Course Management Contract		
<i>8</i>	1701 0405 05 07. 01. Property Tax	Extended 14
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14	2001 0405 03	03. 01.	Allocation of Utility Costs	Extended	19
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15	0601 0607 06	01.	Allocation of Indirect Costs for Federal Grants	Not Due	20
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16	1301 0708 05	01.	Federal Grant Requirements	Incomplete	21
17	1301 0708 05	04.	Evidence Chain of Custody	Incomplete	22
18	1301 0708 05	05.	Uniform Crime Reporting Program	Incomplete	23
19	1301 0708 05	06.	Arson Incident Performance Indicator	Incomplete	23
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20	0501 0708 07	05.	Personnel Services Record Retention Schedule	Not Due	24
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21	2001 0405 03	01. 02.	Utility Usage Monitoring	Extended	25
Audit of City Cell Phone Charges					
22	2005 0607 10	02. 01.	Business or Personal Call Accountability	Incomplete	25
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23	2006 0607 11	01.	Accountability	Incomplete	26

RECOMMENDATION INDEX

<i>DETAIL STATUS</i>				<i>Status</i>	<i>Page</i>
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25	<u>1601 0607 05</u>	04.	Unpaid Balance Collections	Incomplete	28
26	<u>1601 0607 05</u>	05.	Safekey Records	Incomplete	28
27	<u>1601 0607 05</u>	06.	Payment Processing Using Computers	Incomplete	29
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29	<u>1999 07</u>	B. 03.	ii. Correspondence With Defendants	Extended	30
30	<u>1999 07</u>	C. 02.	iii. User Passwords For Court System	Extended	31
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32	<u>1999 07</u>	D. 02.	Bail Register Report Errors	Extended	32
<i>Office of Administrative Services</i>					
Durango Hills Community Center Contract Compliance Audit					
33	<u>1602 0708 06</u>	05.	Financial Analysis of Contractor Records	Incomplete	33
34	<u>1602 0708 06</u>	07.	City Bank Account	Incomplete	34
35	<u>1602 0708 06</u>	12.	Other Governmental Permits	Incomplete	35

DETAIL:
DEPARTMENTAL AUDIT
RECOMMENDATION FOLLOW-UP

Building and Safety

Due Date: 11/15/2006 Extended

- 1** 0752 0607 07 Review of Building and Safety Department Express Inspections
05. Monthly Performance Report

Recommendation:

Building and Safety management should develop a more accurate method of calculating monthly performance data.

Management Action Plan (November 9, 2006):

Daily reports are sent to Finance and the Cashier Supervisor. Daily Reports are kept until quarterly audits by a supervisor and periodic audits by the City Auditor.

Auditor: N. Beaty

Building and Safety

**Due Date: *01/31/2008-R. Extended
11/30/2007-O.**

- 2** 0753 0708 01 Audit of Building and Safety
01. Legacy System Control Deficiencies

Recommendation:

Building and Safety management should continue with their monitoring efforts until the Legacy System has been retired.

Management Action Plan (August 10, 2007):

No design changes – transitioning to Hansen

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Building and Safety

Due Date: 03/31/2008 Extended

- 3 0753 0708 01 Audit of Building and Safety
03. Hansen Expired Permit Fee Assessment

Recommendation:

Building and Safety management should resolve the expired permit fee function deficiencies. Once the issues are resolved, the process should be documented and staff instructed of established procedures.

Management Action Plan (August 10, 2007):

- Problems with incorrect expiration of permits: This trigger has been disabled and is currently being re-designed by the Hansen Project Team.
- As an interim solution, a new policy has been put in place that all permit renewals must go through a Supervisor for approval and pricing.

Auditor: N. Beaty

Building and Safety

**Due Date: *06/30/2008-R. Extended
12/31/2007-O.**

- 4 0753 0708 01 Audit of Building and Safety
06. Performance Reports

Recommendation:

Building and Safety management should develop and document more accurate methods for calculating monthly performance reports.

Management Action Plan (August 10, 2007):

- Data entry error and variance in reporting still to be resolved.
- Valuation report has some data entry problems which can be addressed once we are fully on Hansen by producing an automated report. A new valuation report will be available by the end of October '07.
- A new cashing system will be in place with Hansen by the end of November '07.

A new revenue report will be generated from Hansen in December '07 with a few additions from Legacy/Mainframe such as Sign permits, Express Inspections & Refees on existing Legacy permits. The new report will be cross-checked for accuracy against the existing Oracle reports in September and October.

Auditor: N. Beaty

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Building and Safety

Due Date: 08/10/2007

Extended

- 5** 0753 0708 01 Audit of Building and Safety
07. Computer Access

Recommendation:

Building and Safety management should develop, document, and implement a process to ensure that computer system access is changed when an employee changes job responsibilities, takes a position in another department, or leaves employment with the City. This process should include a periodic review of computer access matrices to verify that all changes have been implemented.

Management Action Plan (August 10, 2007):

- Reviewed IT regulations:
 - IT has new policy in place to review users on a regular schedule and cross-check against existing employees.
 - B&S to also follow-up with IT when members change or job responsibilities change.

Auditor: N. Beaty

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Detention and Enforcement

Due Date: 12/31/2006

Extended

- 6** 1401 0506 06 Audit of Detention and Enforcement Training Unit
01. Training Database Limitations

Recommendation:

D&E management working with Training should evaluate alternative training software packages that will better meet the needs of Training and the entire Department. D&E management should purchase and implement new training software. The training software package should include, at a minimum, the following functions:

- Functions that allow for efficient, consistent, and accurate data entry of training attended.
- Decision making functions to allow for automatic evaluation of the training status of employees against D&E policies, and P.O.S.T., ACA, and CALEA standards.
- Read-only access and report generation capabilities by other D&E units for independent verification of the accuracy of their training records.
- Reporting functions that effectively summarize the training status of employees.
- Audit trail features to track changes to the system.

Management Action Plan (June 27, 2006):

Management and training have evaluated alternative training software packages. We are in the process of selecting a package with input from City Information Technologies. Once the software has been purchased, implementation will include training and configuration.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Detention and Enforcement

Due Date: 12/31/2006

Extended

- 7 1401 0506 06 Audit of Detention and Enforcement Training Unit
02. Training Database Differences

Recommendation:

Training should develop, document, and implement a standard protocol for data input into the training database. This protocol should include, at a minimum, the following:

- Standard course titles for classes attended by employees.
- Standards for identification of date of training when a training course is held over a period of days.
- Standards for documentation of authorized firearms.
- Standards for documentation of firearm qualifications, whether an officer passed or failed, and remedial training.
- Standards for entry of new employees into the database.

Management Action Plan (June 27, 2006):

A standard protocol for data entry has been developed and is a component of the specifications identified for the software evaluation. Once the software has been selected and purchased, implementation will include training and configuration.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Field Operations

Due Date: 06/30/2005

Extended

- 8** 1701 0405 05 Audit of Durango Hills Golf Course Management Contract
07. 01. Property Tax

Recommendation:

The Project Manager should seek formal resolution from the City Attorney's Office as to whether the current outsourcing arrangement for DHGC qualifies for tax exemption.

Management Action Plan (April 14, 2005):

The Project Manager should certainly be involved, however, a directive for formal resolution from the City Attorney's Office would be more appropriately made from the City Manager's Office.

Auditor: W. Cimo

Field Operations

Due Date: 06/01/2006

Extended

- 9** 1702 0506 02 Audit of City Vehicle Replacement Program
02. 01. Projected Vehicle Useful Lives

Recommendation:

The Fleet Services Manager should assign each vehicle's projected useful life based on the history of the vehicle being replaced and the projected annual usage.

Management Action Plan (October 12, 2005):

Fleet Management and Finance will establish criteria for the assignment of useful life.

At a minimum, the process will address historical trending, projected use, and governmental accounting guidelines.

As we discussed, the use of a fleet specific Fleet Management software program, as opposed to the City's current Hansen Program, would make this an easier task to accomplish. Indeed, the consultant that was hired by the Auditing department was surprised that we use the Hansen program and advocated a canned fleet management program to replace it. Estimated cost of this type of program is \$100,000. There are sufficient reserves in the Divisional operating budget to cover this expense. In the absence of this type of program, an internal review of vehicles and equipment's useful lives, though cumbersome under Hansen, would be utilized.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Field Operations

Due Date: 01/03/2006

Extended

- 10** 1702 0506 02 Audit of City Vehicle Replacement Program
02. 02. Projected Vehicle Useful Lives

Recommendation:

The Fleet Services Manager should consider rotating low-use and high-use vehicles among staff/departments to balance and optimize the use of all vehicles in the fleet.

Management Action Plan (October 12, 2005):

Dovetails with item 2.1 above. A fleet specific software program will make this a doable task in a timely fashion. The Vehicle Advisory Committee (more fully discussed in recommendation 3.1 below) would be charged with making recommendations to allocate the City's vehicular fleet, that is not assigned to specific individuals, to maximize their usefulness. This committee should have the authority to direct changes to the fleet configuration where resistance is encountered and, quite frankly, expected.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 10/01/2001

Extended

- 11 1501 0102 02 Audit of Wastewater Pollution Control Facility and Sewer Services
B. 02. 01. Sewer Fee Billings

Recommendation:

Sewer Services management should change the sewer services billing to a quarterly billing cycle and adjust the penalty policies to align with this change.

Management Action Plan (August 8, 2001):

The Business Services Division (BSD) is recommending a proposed Municipal Code change to a quarterly billing cycle where the penalty fee would be assessed on the outstanding balance for the quarter rather than the unpaid balance of the bill. These code changes are projected for implementation around October 2001.

Regarding the incorporation of sewer fees into annual property taxes, we do not believe it is economically or operationally feasible at this time. We estimate that our cost to perform the billing function (including treasury, technology, sewer billing, and mail room support) does not exceed \$250,000 annually. Obviously, this cost is passed on to the property owners in the form of sewer rates. The Nevada Revised Statutes (NRS) would need significant revision to allow the County to include routine City sewer bills with the property tax. Such a change would also require a change in the City billing cycle which is currently based on the start of service, not on the fiscal tax year. Since the NRS currently provides for a 4 percent surcharge by the County Treasurer for the delinquent sewer service charges it collects on the annual property tax roll, it is difficult to imagine they would be willing to handle all sewer billings for less than that statutory rate. Note that this 4 percent fee is passed on to the property owner. If all charges were billed through the County Treasurer, their estimated fees would approach \$1.5 million, far exceeding what the property owners currently pay for City billing service. The City would still be responsible for inspections and customer service inquiries, functions that the County will not be able to execute. Consequently, the Business Services Division does not see an advantage for the rate-payer in using the County Treasurer for all billings at this time.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 12/31/2002

Extended

- 12** 1501 0102 02 Audit of Wastewater Pollution Control Facility and Sewer Services
B. 04. 01. Performance Reports

Recommendation:

Sewer Services should create a monthly performance report with additional performance data needed by upper management.

Management Action Plan (August 8, 2001):

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 12/31/2002

Extended

- 13** 1501 0102 02 Audit of Wastewater Pollution Control Facility and Sewer Services
B. 04. 02. Performance Reports

Recommendation:

For information that is not easily accessible from the sewer service system, Sewer Services should work with Information Technologies to access this data.

Management Action Plan (August 8, 2001):

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 10/04/2005

Extended

- 14** 2001 0405 03 Audit of Controls Over City Utility Payments And Costs
03. 01. Allocation of Utility Costs

Recommendation:

In conjunction with the development of a utility usage monitoring program, the Department of Finance should develop and implement a more extensive utility cost allocation program.

Management Action Plan (April 4, 2005):

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 07/01/2008

Not Due

- 15** 0601 0607 06 Audit of Financial Services Grant Fiscal Administration
01. Allocation of Indirect Costs for Federal Grants

Recommendation:

City Management should review the benefits and costs identified in this audit for an indirect cost allocation plan for Federal Grant Awards and evaluate whether such a plan would be beneficial to the City.

Management Action Plan (October 18, 2006):

Financial Services Division will evaluate cost allocation methodologies and goals to develop a comprehensive cost allocation strategy.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Fire and Rescue

Due Date: 06/30/2008

Incomplete

- 16** 1301 0708 05 **Audit of Fire and Rescue: Fire Investigations - Bomb Squad**
01. **Federal Grant Requirements**

Recommendation:

Fire Investigations should modify their property records for equipment purchased with Federal grant funding to include the source of the property, who holds title, and the percentage of Federal participation in the cost of the property.

Management Action Plan (January 22, 2008):

The property records for the Bureau of Fire Investigations Bomb Squad is located on a Unit only internal Excel Spreadsheet and will be adjusted to reflect source of property (UASI, SHSP) etc., holder of title and percentage of federal participation. This is just a matter of data input to an already existing database.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Fire and Rescue

Due Date: 06/30/2008

Incomplete

- 17** 1301 0708 05 **Audit of Fire and Rescue: Fire Investigations - Bomb Squad**
04. **Evidence Chain of Custody**

Recommendation:

Fire Investigations should complete the following to ensure the chain of custody for evidence has been properly documented and secured:

- Investigators should be reminded of the importance of adhering to existing policies and procedures relating to the proper handling of evidence.
- Compliance with the policies and procedures for collecting and storing of evidence should be periodically tested to ensure continual compliance with the proper handling of evidence.
- Supplies stored in the evidence room should be relocated to another location to ensure that the evidence room has restricted access.
- Periodically, a systematic evaluation should be completed to determine whether evidence can be destroyed or returned to the owner. Once proper authorization is obtained and documented, the evidence should be destroyed or released.
- A comprehensive inventory of all stored evidence should be completed and maintained.

Management Action Plan (January 22, 2008):

A Memorandum will be drafted to remind Unit personnel about evidence procedures. Supplies from the evidence room will be removed when the renovation of Station 8 has concluded and those supplies can be moved. The evidence room will then remain a stand alone room specifically for evidence. Firefiles has the capability to track all evidence, however an Excel Spreadsheet will be developed to support all evidence in existence and track its location. An evidence evaluation/destruction plan will be developed to occur annually. It should be noted that probably 99% of evidence held is in the form of fire debris. The Unit does not collect firearms, jewelry, money, or other tangible items except for perhaps clothing that may identify a suspect.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Fire and Rescue

Due Date: 06/30/2008

Incomplete

- 18** 1301 0708 05 Audit of Fire and Rescue: Fire Investigations - Bomb Squad
05. Uniform Crime Reporting Program

Recommendation:

Fire Investigations should report these discrepancies to Public Safety.

Fire Investigations is in the process of converting to FireFiles software for their investigation case files. The software features report creation capabilities that will enable them to produce performance reports relating to their cases. Fire Investigations should test the accuracy of the FireFiles performance reports by calculating their manual arson statistics and comparing the results to arson statistics reports generated by FireFiles. Any differences between the two reporting systems should be reconciled and issues with the FireFiles reports should be resolved. Once it has been determined that the FireFiles reports accurately represent arson statistics, Fire Investigations can completely convert to the FireFiles performance reporting process.

Management Action Plan (January 22, 2008):

The Firefiles monthly report query program is being built and awaiting upgrade. Manual statistics will continue with a careful reconciliation regarding end of the month data.

Auditor: N. Beaty

Fire and Rescue

Due Date: 06/30/2008

Incomplete

- 19** 1301 0708 05 Audit of Fire and Rescue: Fire Investigations - Bomb Squad
06. Arson Incident Performance Indicator

Recommendation:

Fire Investigations should adjust the errors noted above relating to the summarized annual arson incidents cleared by arrest statistics. In addition, the multi-year arson clearance percentage should be calculated using a single average for the entire period.

Management Action Plan (January 22, 2008):

Any discrepancies in the UCR Data will be reported to the Department of Public.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Human Resources

Due Date: 09/30/2008 Not Due

- 20 0501 0708 07 Human Resources - Personnel Services - Employee Records Audit**
05. Personnel Services Record Retention Schedule

Recommendation:

Personnel Services management should work with the City's Records Administrator to update the record retention schedule to ensure that it conforms to the Local Government Records Retention Schedule.

Management Action Plan (June 30, 2008):

The city's Records Administrator has now provided the finalized Records Retention Schedule for the Personnel Services Division. Prior to receipt of the division schedule, Personnel Services met with the Records Administrator to both settle unresolved issues we had attempted to resolve earlier and to make necessary revisions to ensure compliance with the state mandated records retention requirements. However, because the entire department has not completed its assessment and review with the Records Administration, this audit finding will not be identified as complete until all divisions have gone through the process.

Estimated Date of Completion: The final adoption of the complete HR schedule is subject to review and sign off by department director. Approximate completion date for the entire schedule: September 30, 2008.

Auditor: N. Beaty

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date: 10/04/2005

Extended

- 21** 2001 0405 03 Audit of Controls Over City Utility Payments And Costs
01. 02. Utility Usage Monitoring

Recommendation:

In conjunction with the development of the utility usage monitoring program, Information Technologies should evaluate the needs of this program and use this information in establishing utility processing on a new systems platform.

Management Action Plan (April 4, 2005):

Information Technologies Management agrees that a program to monitor usage would establish the bases for identifying support solutions. The functional needs of the program, as well as whom and how many would be using it will help I.T. determine the appropriate system requirement. Early identification of the software requirements, users, and access will aid in the determination of the hardware component requirement as well. Additionally, the assessment of third party monitoring tools in the market could both automate and accelerate the discovery of system solutions and the implementation process.

Auditor: B. Smith

Information Technologies

Due Date: 08/03/2007

Incomplete

- 22** 2005 0607 10 Audit of City Cell Phone Charges
02. 01. Business or Personal Call Accountability

Recommendation:

Management should establish a control system for ongoing monitoring of cell phone usage. Cell phone costs are based on total usage, both local and long distance are billed the same. If employees were encouraged to use desk phones, where possible, overage charges could be significantly reduced.

Management Action Plan (April 11, 2007):

All cell phones will be placed in a pooled minutes plan with each vendor eliminating any overage charges. Reminders about City policy and suggested alternatives practices will be distributed to users.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date: 07/02/2007

Incomplete

- 23** 2006 0607 11 Audit of Citywide Long Distance Telephone Calls
01. Accountability

Recommendation:

Management should establish a more active and ongoing monitoring program over long distance call usage.

Management Action Plan (April 11, 2007):

IT will provide monthly departmental reports of users that exceed established usage thresholds to ensure minimal misuse of long distance. However, based the recommendation in the Cell Phone Audit to encourage use of desk phones for long distance calls, the use and cost of long distance call services may increase.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date: 10/31/2006

Incomplete

24 1601 0607 05 Audit of Safekey Payment Collection Controls
02. Payment Collection Oversight

Recommendation:

Safekey management should implement the following procedures to improve the oversight of Safekey operations and reduce the risk of skimming:

- Develop documented procedures for completing reconciliations of Safekey participants to payments for both manual and computer site locations.
- Require recreation leaders (or others) to perform regular unannounced reconciliations of children in attendance to payments to identify unpaid amounts, unrecorded payments, and inappropriate payment collection practices. Unpaid amounts should be followed-up on to ensure payment is either made or recorded on the Late Payment Log.
- Implement measures to increase monitoring of the morning Safekey operations.
- Develop, document, and implement formal procedures for reviewing payment cancellations and registration withdrawals.
- Require recreation leaders to identify undistributed customer receipts at Safekey sites and take appropriate measures to get receipts distributed.

Management Action Plan (September 8, 2006):

Agree with recommendations. Management will develop documented procedures for completing reconciliations of Safekey participants to payments for both manual and computer site locations.

- Starting this school season management will require recreation leaders (or others) to perform regular unannounced reconciliations of children in attendance to payments to identify unpaid amounts, unrecorded payments, and inappropriate payment collection practices. Unpaid amounts will be followed-up on to ensure payment is either made or recorded on the Late Payment Log.
- Starting this school season management will implement measures to increase monitoring of the morning Safekey operations.
- Starting this school season management will develop, document, and implement formal procedures for reviewing payment cancellations and registration withdrawals.
- Starting this school season management will require recreation leaders to identify undistributed customer receipts at Safekey sites and take appropriate measures to get receipts distributed.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date: 10/31/2006 Incomplete

25 1601 0607 05 Audit of Safekey Payment Collection Controls
04. Unpaid Balance Collections

Recommendation:

Safekey management should document Safekey's unpaid balance collection program including the following areas:

- Roles and responsibilities of site leaders in this program.
- Roles and responsibilities of recreation leaders in this program.
- Collection procedures to be followed for both manual and computer sites.
- Forms/reports to be used.
- Timetable for submittal of information to recreation leaders, Safekey management, and Finance.

Management Action Plan (September 8, 2006):

Manuals and Cash handling policies corrected, waiting to be printed. SK Rec. Ldr. Manual to be developed.

Auditor: B. Smith

Leisure Services

Due Date: 10/31/2006 Incomplete

26 1601 0607 05 Audit of Safekey Payment Collection Controls
05. Safekey Records

Recommendation:

Safekey Management should evaluate the noted deficiencies in the Weekly Attendance Report and Sign-In/Out Sheets and determine how these deficiencies can be most effectively addressed. The current forms/reports could be revised or new forms/reports created. Direction on the use of these documents should be documented and clearly communicated to staff.

Management Action Plan (September 8, 2006):

Set meeting with Auditors to revise forms/reports for better audit trail.

Auditor: B. Smith

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date: 12/31/2006

Incomplete

- 27 1601 0607 05 Audit of Safekey Payment Collection Controls
06. Payment Processing Using Computers

Recommendation:

Leisure Services management should evaluate the identified Safekey system payment processing issues and determine what system enhancements or manual procedures could be implemented to address these issues. Policies and procedures on the use of the computer at Safekey sites should be created, documented, and shared with Safekey staff.

Management Action Plan (September 8, 2006):

LS will evaluate the system payment processing issues and determine what system enhancements or manual procedures could be implemented to address these issues. Laptop policies and operating procedures have been developed (with additional information to be added) and given to Safekey staff. Additionally, the following procedures have been put in place:

- a. All children must have a participation form filled out before attending the program.
- b. If a child shows up at a Safekey site and there is no participation form the child is returned to the school office.
- c. Payments are due on Friday for the next week. If payment is not made, late fees are assessed at \$5/day until payment is made and participant must pay the daily rate for the week. Payment may be made for the whole week or paid daily.
- d. If participant goes a second week without payment, they are removed from the program.
- e. Sign in/out sheets are checked against the payment log to make sure that those attending have paid for the program.
- f. Rates for the program have been narrowed down to a daily rate or a weekly rate.
- g. At present 30 of the 67 sites have computers with the goal that all sites will be on the CLASS system by fall 2008. This will make it much easier to check on registrations and payments made as they will be administered by the CLASS system. The only problem that some sites may have is the availability of wireless internet access. IT is assisting in this problem.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date: 06/30/2000

Extended

- 28 1999 07 Las Vegas Municipal Court
B. 03. i. Correspondence With Defendants

Recommendation:

In order to increase the effectiveness of the postcard mailings and avoid future waste in postage costs, management of the Court should work with the Information Technologies Department in making the required programming changes to ensure that the addresses being used for mailing are the most current in the System.

Management Action Plan (September 20, 1999):

Management of the Court will work with IT in making these programming changes. We estimate that the required programming changes will be made in June 2001.

Auditor: B. Smith

Municipal Court

Due Date: 06/30/2000

Extended

- 29 1999 07 Las Vegas Municipal Court
B. 03. ii. Correspondence With Defendants

Recommendation:

Management of the Court should work with the Information Technologies Department in developing the capability within the Court System for recording the history of all correspondence with defendants. The history of all correspondence should be retained and accessible for review on a consolidated basis via a screen or report. Changes to the correspondence history should be restricted. Implementation of this capability within the Court System will improve the efficiency of court personnel working on individual cases and customer service.

Management Action Plan (September 20, 1999):

Most, if not all, of the above recommendations will be implemented in the new computer system(s) in working towards a Court-wide paperless environment.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date: 06/30/2000 **Extended**

- 30 1999 07 Las Vegas Municipal Court
C. 02. iii. User Passwords For Court System

Recommendation:

System access logs should be created and reviewed periodically by management for unusual access attempts.

Management Action Plan (September 20, 1999):

In designing the new Court system, system access logs will be requested and procedures implemented for their review.

Auditor: B. Smith

Municipal Court

Due Date: 06/30/2000 **Extended**

- 31 1999 07 Las Vegas Municipal Court
C. 04. ii. Limits On Cash In Drawers

Recommendation:

The Court System should be improved to allow clerks to determine how much cash they have collected.

Management Action Plan (September 20, 1999):

Management will look into the possibility of the legacy computer system keeping track of and indicating the amount of cash in each drawer.

Auditor: B. Smith

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date: 06/30/2000 Extended

**32 1999 07 Las Vegas Municipal Court
D. 02. Bail Register Report Errors**

Recommendation:

Court management should further investigate the errors within the Bail Register and procedures should be implemented to identify and monitor these errors in a more timely manner until the programming errors can be corrected. Court management should work with IT in addressing these issues.

Management Action Plan (September 20, 1999):

The Court has looked into these differences and has pinpointed the problems. The problems must be corrected through computer programming. We will continue to work with IT to correct them and in the meantime continue to manually research and correct the errors.

Auditor: B. Smith

**Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original**

Management Action Plan response was obtained from the original audit report.

Office of Administrative Services

Due Date: 03/31/2008

Incomplete

- 33 1602 0708 06 Durango Hills Community Center Contract Compliance Audit
05. Financial Analysis of Contractor Records

Recommendation:

The Project Manager should work with Finance to evaluate how to best analyze the monthly financial information provided to the City. If a decision is made to continue with the comparison of the two community centers, the flaws in methodology and inconsistencies should be addressed.

Management Action Plan (February 22, 2008):

The Project Manager has requested that the YMCA supply the following information on a monthly basis:

- Profit and Loss Statement (Already submitted monthly)
- Revenue Statements
- Membership Reports
- Bank Reconciliation Reports

The Fiscal Project Lead in the Finance & Business Services Department will conduct a monthly review of all documents to ensure that the YMCA is reporting accurately.

All documents requested will be sent directly to the Project Manager and forwarded to the Project Lead in the Finance & Business Services Department.

Estimated Date of Completion:

The YMCA will begin sending the requested documents in March 2008.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Office of Administrative Services

Due Date: 03/31/2008

Incomplete

34 1602 0708 06 Durango Hills Community Center Contract Compliance Audit
07. City Bank Account

Recommendation:

The Project Manager should:

- Coordinate with Finance to establish monitoring procedures for the City Account.
- Determine if additional information should be provided by the YMCA.
- Ensure that the signature card is updated and remains current.

Management Action Plan (February 22, 2008):

- The Fiscal Project Lead will monitor the City's account on a monthly basis.
- In addition to the profit and loss statements, the YMCA will provide revenue statements, membership reports, and reconciliation reports.
- The YMCA will investigate and submit the appropriate documentation. The Fiscal Project Lead will ensure that the appropriate documentation is submitted on or before June 30 of every year.
- The City's Finance and Business Services Department will review and update, if needed, the signature card on or before June 30 of every year.

Estimated Date of Completion:

The request has been submitted to the YMCA and the documentation and review process will begin by March 2008.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

Office of Administrative Services

Due Date: 03/31/2008

Incomplete

- 35 1602 0708 06 Durango Hills Community Center Contract Compliance Audit
12. Other Governmental Permits

Recommendation:

The Project Manager should:

- Request that the YMCA obtain and provide copies of current pool health and boiler permits in the name of the appropriate organization.
- Implement procedures to ensure that all operating permits remain current.
- Request that the YMCA forward copies of correspondence, permits, and reports from all governmental agencies relating to the operations of the Center.
- Review correspondence and reports from regulatory agencies to determine the impact on the operations of the Center and compliance with Agreement provisions.

Management Action Plan (February 22, 2008):

- A letter will be sent to the YMCA requesting that all appropriate health and boiler permits be transferred into the City's name. Field Operations staff and the City's Safety/Loss Prevention Officer will ensure the timely renewal of such permits.
 - A meeting with representatives from the YMCA, City, and applicable regulatory agencies may be set up in order to determine how the permits should read.
- The status of the permits will be checked on or before June 30 of each year.
- A letter will be sent to the YMCA requesting that all correspondence, permits, and reports from all governmental agencies relating to the operations of the Center be forwarded to the Program Manager.
- All reports from regulatory agencies will be reviewed by the appropriate staff as determined by the Program Manger.

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date identified by management has not passed.

Due Date: *R.= Revised / O.= Original

Management Action Plan response was obtained from the original audit report.

ANNUAL AUDIT RECOMMENDATION FOLLOW-UP AS OF JUNE 30, 2008 (2600-0809-03)

BACKGROUND

- **1,052 Audit Recommendations requiring corrective action from January 1, 1999 through June 30, 2008.**

OBJECTIVES

- **To ensure that audit recommendations are being appropriately addressed by City management.**
- **To track the status of the recommendations**

SCOPE AND METHODOLOGY

Our follow-up program is in accordance with Operating Instruction A. 210 of the City Auditor's Office Operating Instruction Manual. The status of each audit recommendation is identified using the following classifications:

Complete	The recommendation has been implemented or some other action has been taken to effectively correct the deficiency.
Incomplete	The recommendation has not been implemented.
Extended	The recommendation has not been implemented due to circumstances beyond the department's control.
Not Due	Due date is after June 30, 2008.

1,052 Recommendations Summary

	COMPLETE	INCOMPLETE	EXTENDED	NOT DUE	TOTAL
	1,017	13	20	2	1,052
2007-2008	36	7	4	1	48
2006-2007	54	6	1	1	62
2005-2006	67	0	4	0	71
2004-2005	71	0	3	0	74
2003-2004	39	0	0	0	39
2002-2003	88	0	0	0	88
2001-2002	155	0	3	0	158
2000-2001	113	0	0	0	113
1999-2000	394	0	5	0	399

13 Incomplete Recommendations Summary

FISCAL YEAR

DEPARTMENT	2006- 2007	2007- 2008	TOTAL
Fire & Rescue	--	4	4
Information Technologies	2	--	2
Leisure Services	4	--	4
Office of Administrative Services	--	3	3
TOTAL	6	7	13

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

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



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 16, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

ADJOURNMENT

