



Las Vegas

Agenda Item No.: 5.

**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

Motion made by STEVE WOLFSON to Accept the Report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2  
MICHAEL W. KERN, STEVE WOLFSON, JOSE TRONCOSO; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-PAUL WORKMAN, LARRY BROWN)

**Minutes:**

Viewing a PowerPoint presentation, City Auditor Radford Snelding summarized the various audits and projects in process and listed the points of contact for each. In compliance with the 2008 Training Requirements, City Auditor Snelding briefly described all of the training sessions that were completed, the number of individuals who attended and the associated costs per session.

With regard to the 2007 budget information review, Mr. Snelding recognized two substitute employees who are currently working with the City Auditors Office. Michael Mendolfo, a student at the University of Nevada Las Vegas, and Bruce Wagner, who is working on performance audits, were introduced.

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Chairman Kern asked Mr. Snelding to disclose what the best score was. Bryan Smith, Internal Auditor, replied that it was 100%. Chairman Kern felt it would benefit the City to have a roundtable follow-up comprised of persons who had attended the trainings. As that suggestion had previously been made, Mr. Snelding replied that they are looking to implement that practice to ensure the person attending has a thorough understanding and can hold in-house seminars with respect to items trained on.

Chairman Kern asked whether the Financial Crimes and Digital Evidence Program training covered ID theft. Mr. Snelding recalled that there was a section on ID theft but noted that the main focus was discussion on the payment card industry and how that was affected by ID theft.

Senior Information Technology Auditor Bill Cimo provided an overview of the meeting, stating that the Chief Security Officer representing Paycom gave the opening speech and introduction to the Financial Crimes and Digital Evidence Program training.

With regard to internal audits, Chairman Kern mentioned that there are requirements that other states have imposed on government agencies. He questioned whether a determination should be made as to whether that would be ethically acceptable to the City of Las Vegas.

Regarding personal information such as social security numbers, bank records, credit card information, etc., Chairman Kern questioned whether the statute that takes effect as of October 1, 2008, applies to municipalities and if so, whether the City is in compliance.

Assistant City Attorney John Redlein was unfamiliar as to whether any such requirement existed. He could not imagine any circumstance where an individual's personal information would be emailed to sources outside of the City.

Mr. Cimo verified that part of the credit card receiving audit found incidents of credit card information, social security numbers and/or reports having been transmitted. Assistant City Attorney Redlein asked whether the City is required to password-protect all transmissions. Mr. Cimo was uncertain whether such a requirement existed.

Mr. Snelding reported that in a recent audit conducted on Human Resources transmissions, there were instances where confidential information was being transmitted via email. Internal Auditor Nancy Beatty disclosed that upon completion of the audit, the issue was resolved by restricting access only to individuals who required the confidential reports.

Assistant City Attorney Redlein stated that he would call the Office of the Legislative Auditor for advice and comment regarding password protection as well as the City's role in meeting any existing requirements pertaining to confidential information.

Upon review, Assistant City Attorney Redlein, stated that he had a copy of the bill that was introduced at a past session and which became effective on 10/1/2008. He mentioned that the statute relates personal information such as social security numbers, drivers license numbers, credit and debit card numbers and passwords and pins. He further stated that any holder of this

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data, which includes the Government, is obligated to implement and maintain reasonable security measures to protect those records from access, acquisition, destruction, use or modification.

He mentioned that the Information Technology Department acknowledged that all of the data contained in databases, are encrypted and they believe they are in compliance with the requirement to ensure they take reasonable measures to protect that information. He advised that, if there is any breach, there is an obligation, imposed by law, to report or give notification.

Assistant City Attorney Redlein announced that there is a new provision that applies to all businesses in the state. That provision disallows the transfer of any customer information through an electronic transmission, other than a facsimile, to a business outside their secured system, unless the receiving business also uses encryption.

Assistant City Attorney Redlein confirmed that the new law imposes the obligation only on businesses. He further reiterated that if the transmission is internal to the City, it does not require encryption.

Member Wolfson recommended the City Council be briefed on the subject within the next four weeks. Assistant City Attorney Redlein stated a report would be provided.

