



*Las Vegas*

Agenda Item No.: 7.

**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)

Motion made by STEVE WOLFSON to Accept the Report

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

**Minutes:**

City Auditor Radford Snelding introduced Senior Internal Auditor, Gary Phillips, who completed the Internal Control Review (ICR) Memos and was the lead in compiling the audit report.

Mr. Phillips, referring to the PowerPoint presentation, a copy of which is made a part the final minutes, briefly reviewed the reports and the recommendations for the City Attorneys Office relative to delayed deposits; Finance and Business Services relative to deposit theft; Leisure Services relative to short deposit, missing funds, property theft and procurement card fraud and missing Safekey deposit. In conclusion, Mr. Phillips stated that Management agreed with all recommendations.

## CITY COUNCIL MEETING OF: October 16, 2008

Seeing as the reviews and audits are the result of isolated situations that have occurred, Member Wolfson asked whether the City is taking a proactive stance that focuses on prevention. Specifically addressing the issues that have occurred within Leisure Services, Mr. Snelding advised that his staff meets routinely, to discuss with, brief and provide recommendations for prevention. With regard to cash collection controls, every effort is made to ensure the fix is replicated everywhere.

Deputy City Manager Orlando Sanchez asked Recreation Division Manager Bill Tyler to share the actions his staff has initiated with regard to the handling of cash. Mr. Tyler remarked that his division has made every attempt to lessen the opportunity for mishandling of cash throughout the various facilities. Customers are directed to centers that are staffed by full-time employees who are cognizant of the new cash-handling procedures.

Deputy City Manager Sanchez added that customers are also welcome to pay by credit card. Member Wolfson commented that a large number of people have credit cards to which Mr. Tyler replied that 67% pay with cash for Safekey services. Mr. Tyler stated that additional options are being researched to make it more convenient for its customers. Deputy City Manager Sanchez relayed that there have been minimal complaints regarding the new procedure.

Chairman Kern asked for feedback regarding outside auditors and what their findings were relative to internal controls. Deputy Director for Finance, Candace Falder, replied that KPMG is the outside audit firm used by the City and she was not aware of any specific findings on cash handling for any of the City departments. Chairman Kern recalled that in a previous conversation with Finance Director Mark Vincent it was mentioned that there were some findings. He went on to explain there are at least three elements established for internal control checks and balances. The first being the department responsible for the implementation of programs; Second, being the City Auditor and staff and lastly, the outside auditors, KPMG.

Chairman Kern further explained that KPMG is not permitted to sign off on the City's audit report unless they themselves have done an evaluation of internal controls.

Deputy Director Falder remarked that Leisure Services has been consistently proactive about the cash transactions and identifying areas that require methods of control.