



Las Vegas

Agenda Item No.: 9.

**AGENDA SUMMARY PAGE**  
**AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 23, 2009**

DEPARTMENT: CITY AUDITOR'S OFFICE  
DIRECTOR: RADFORD SNELDING

Consent  Discussion

**SUBJECT:**  
Report by the City Auditor on Information Security and ID Theft

**Fiscal Impact:**

No Impact  Augmentation Required  
 Budget Funds Available

**Amount:**  
**Funding Source:**  
**Dept./Division:**

**PURPOSE/BACKGROUND:**

This is a carry over item from a previous meeting.

The Committee discussed SB 347's requirement for encryption of emails. The Committee requested a report on the status of encryption of emails at the City.

A representative from Information Technologies is present to report on this.

**RECOMMENDATION:**

Report only; no action required.

**BACKUP DOCUMENTATION:**

None

Motion made by PAUL WORKMAN to Accept the report

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1  
STEVE WOLFSON, PAUL WORKMAN, MICHAEL W. KERN, LOIS TARKANIAN;  
(Against-None); (Abstain-None); (Did Not Vote-None); (Excused-JOSE TRONCOSO)

Minutes:

City Auditor Snelding stated that this report stems from previous discussion amongst the Audit Oversight Committee members regarding the requirements of SB-347 relative to encryption of e-mails. He introduced Mike Hougen, Information Technologies, to report on the Committee's request for a report on the status of encryption of e-mails at the City, including e-mails circulating internally and e-mails sent outside the City system.

Mr. Hougen stated that the City does not encrypt internal e-mails as there is no requirement to do so under SB-347. Only files containing sensitive information that are transmitted to external organizations are encrypted. This requires encryption by both the City and the outside organization involved in order to receive the sensitive data.

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Mr. Hougen pointed out that SB-227, which is a proposed amendment to SB-347 being discussed at this Legislature, would require stricter standards, and staff has prepared a plan to meet compliance should it pass. The plan includes the acquisition of a program that would automatically encrypt e-mails and pickup on specific markers, such as social security numbers. The program would automatically collect the data, send it to a website and require the receiver to obtain the information through an encryption process. He explained for Member Wolfson that an encryption process takes information and scrambles it so that it is of no use to a receiver that does not have the ability to unscramble it.

At a one-time acquisition/implementation cost of anywhere between \$125,000 and \$175,000, plus 20 percent for ongoing support, Mr. Hougen indicated that staff is prepared to purchase the program, whether it is mandated by law or management. He noted that the practice is common in the private sector.

Mr. Hougen stated for Member Workman that he did not give testimony before the Legislature on SB-227, but he felt that the bill will pass and suggested the City address the issue despite the Legislature's action. In his opinion, the cost is well worth it for protection of employees' security.

Chairman Kern cited definitions in Nevada Revised Statutes on restrictions regarding the transfer of personal information through electronic transmission, regarding data collectors, regarding personal information and regarding encryption, all of which he considered to be in concordance with the general explanations given by Mr. Hougen. Therefore, he deferred to the City Attorney to determine how these definitions/restrictions would apply to the City. Chairman Kern explained that the discussion amongst the Audit Committee at the last meeting regarding this matter was really for the Committee to assess whether City auditors, in performing their functions, are in compliance in the preservation of personal information going outside of the secured system.