



Las Vegas

Agenda Item No.: 7.

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT: Discussion and possible action of Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02)

Fiscal Impact:

- No Impact Augmentation Required
 Budget Funds Available

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:

City Auditor's Office staff will review the Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02).

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02)
2. Submitted at Meeting - PowerPoint Slides 11-25

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-WILLIAM ALLEN
KAERCHER)

Minutes:

City Auditor Radford Snelding introduced Bryan Smith, who reported on this audit by presenting PowerPoint Slides 11-25, which were submitted for the backup. He expressed gratitude to those staff members in Field Operations that assisted in completing this audit.

He explained that employees fuel City vehicles at City-owned fueling stations at its three service centers, the Wastewater Pollution Control Facility, Floyd Lamb Park at Tule Springs and at 14 fire stations. The WinC6 software, a fuel pump access system, is used for controlling fuel pump access and for recording fueling transactions. A key fob, shown on Slide 16, is used when there is not a vehicle or equipment number associated with the transaction such as when filling gas cans, generators and gas powered tools. Compressed Natural Gas (CNG) is available through a

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contractor, Clean Energy, who maintains and services CNG pumps at the City's West Service Center and at four other locations in the Las Vegas Valley. Access to the CNG pumps is also with an access card. He reviewed the eight findings using Slides 21-23, and then management's responses on Slide 24.

Member Tarkanian observed that staff is doing a good job of keeping track of fueling and asked if what is occurring in the County with regard to over fueling could happen in the City. Mr. Smith replied that the City has certain controls in place, but the recommendations he made will help identify irregularities. There are controls within the system that limit the amount of fuel that can be dispensed in a single transaction, and limiting the odometer reading to be within a certain range also helps control fueling.

Member Tarkanian asked why the use of the card would not pick up the odometer reading, to which Mr. Smith replied that Dan Hyde and Carol Diaz of Field Operations were doing their best to keep track of the transactions, but there was no way for them to know if a certain employee would be fueling at certain times or days. For this reason, the first recommendation he made is to distribute the information to the departments for monitoring.

Mr. Hyde interjected that the issue was that there was not enough staff to monitor. Since then, a plan was put in place, and the new billing system the City is upgrading to will provide a system for cross checking. Jerry Walker, Deputy Director of Field Operations, added that the new WinC6 system allows access to more data than the department directors can track, rather than having the information centrally located.

Mr. Smith stated that one of the findings during testing is that there were 290 fueling transactions of greater than ten gallons where there was a subsequent transaction for the same vehicle within one hour of that transaction. That may raise a red flag, but it does not necessarily mean fraud. It could be for a good reason, such as the fuel stopped pumping and the employee had to start over. But in an abundance of caution, the more suspicious transactions should be better monitored.

Chair Kern asked if it was possible to identify the individuals fueling the vehicles and to reconcile the employee with the transaction. Mr. Smith did not have that information available for the meeting and offered to look at his spreadsheet with information covering 11 months. He commented that he did isolate the top 20 employees that fuel in the City; in one instance one person was assigned to fuel all the vehicles.

City Auditor Snelding interjected that the auditors were not pulling and looking at samples, but rather analyzing the entire data base with the available software.

Member Wolfson regarded the recommendations as appropriate. Mr. Smith added that the department directors, or their designee, will have to be trained to identify irregularities. He felt that during the audit it was necessary to focus on putting in place the necessary controls to monitor and regulate fueling transactions.