



Las Vegas

Agenda Item No.: 7.

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: JANUARY 22, 2015

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT: Report for possible action regarding a suspension on the Audit Recommendations with a Status of Incomplete and Extended

Fiscal Impact:

No Impact Augmentation Required
 Budget Funds Available

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:

The Committee asked the City Auditor to report on the status of the recommendations that are Incomplete and Extended.

RECOMMENDATION:

Accept the report.

BACKUP DOCUMENTATION:

Submitted at Meeting - PowerPoint Presentation Slides 3-11 by Staff

Motion made by BOB COFFIN to Accept the Report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2

LOIS TARKANIAN, BOB COFFIN, GREG HEADLEE; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-CRAIG M. ROSEVEAR, ANNETTE CARRO)

Minutes:

CITY AUDITOR RAD SNELDING reported on Slides 3-11, which reviewed the Incompletes and Extended reports. The report outlined the recommendations from the Annual Audit Recommendation Follow-up as of June 30, 2014 to the current status of January 22, 2015. The timetable shows a reduction in Incompletes and Extended.

VENETTA APPELYARD, Director of Finance, verified for CHAIR TARKANIAN that they have developed a report that shows each departments overtime expenditure trend over the past three years and shows the top ten people in each operating department with their amount of overtime and if there are repeat earners in each year. Those are then highlighted to show a trend,

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and then that report is distributed to directors and managers for review.

COUNCILMAN COFFIN referred to past overtime abuse by a Parks and Recreation Department employee, which was approved by a supervisor and asked what was the final resolution. BRYAN SMITH, Senior Internal Auditor, explained that recommendations were made to the Parks and Recreation Department, as well as Finance, and both departments have done a great job over the last year in addressing these significant issues. Finance was asked to create a process for monitoring overtime on a City-wide basis, as well as distribute that information to all departments, and ensure that the monthly reports are uniform and consistent. The Parks Department has made great strides over the last year and staff is being trained in the new overtime requirements, implemented a new process for the approval of overtime and a new overtime approval form, and using the email system to get approvals. The Parks and Recreation Department has one remaining recommendation to that audit, which was the implementation of the new overtime approval and monitoring process. MR. SMITH further stated that previously the supervisor was signing a form and not monitoring the hours, which resulted in a significant failure of monitoring an employee over time which qualified for PERS credits. MR. SMITH pointed out that over the next few months he will make sure the policy has been implemented.

MARK VINCENT, Chief Financial Officer, added that the Parks and Recreation Departments previous management had authorized overtime, which was discovered by the City Manager's Office through a formal reporting to Finance. Through a series of correspondence with Nevada PERS, it was determined that much of the call back overtime paid to the employee was not eligible for PERS and both the employee and PERS were notified of the adjustments. CHAIR TARKANIAN verified that the employee lost some of the PERS credits and she asked if the employee was held accountable. MR. SMITH responded that the employee disputed that he was doing what he was told to do.

CITY AUDITOR SNELDING outlined that the software audit of the Office of the City Clerk is incomplete. STEVE MARTIN, Information Technologies (IT) Business Relationship Manager, explained that there were two phases to this issue. One was remediation of the affected computers, which was completed last year. The second part was more complex, as IT had to create a new system with either new software or develop a new in-house approach with procedures, policies and existing software to be able to police the software and introduce automation to make it easy and feasible. IT looked at some form of automation through a vendor but that proved fruitless, so IT decided to undertake this and developed a new approach to looking at software through existing tools. New policies and procedures were redrafted and put into effect. The last step is the accounting of all the software licenses and titles together in one system and data entry to document the licenses. He anticipated completion of this portion and

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full implementation of the new procedure by the end of February.

DANA HLAVAC, Municipal Court Administrator, explained for MEMBER HEADLEE that the Municipal Court is actively seeking a new case management system and the responses for a Request for Proposal (RFP) have been narrowed to the top contenders, and the judges and staff will begin to consider the top product that will take Municipal Court into the future. The new system will be launched in 18 months.

CHAIR TARKANIAN asked the meaning of aging reports on accounts receivable. CITY AUDITOR SNELDING replied that it gives a report of an account receivable from the oldest to the newest, as it relates to collections. MR. HLAVAC added that in the current case management system every time someone makes a payment, it wipes out the original debt date, so there is no viable means to tell how long that debt is owed to the court; the new case management system will solve that issue. MR. HLAVAC informed for MEMBER HEADLEE that he plans on implementing the new system by July.

MEMBER COFFIN referred to a recent Journal article on old warrants and how many are unpaid. He discussed with CITY AUDITOR SNELDING that the minimum accounting standards are very extensive, if prepared by Nevada courts, and there were many that were deficient. It is problematic and the reason it was extended is to wait for the solution that will be implemented by IT.

MEMBER COFFIN asked what is needed to have the fees collected; it is unacceptable and should be done soon. PAM JEFFERSON, Administrative Services Manager, explained that one comprehensive report requires 32 reports and by the time the report is compiled, the raw data is old. MEMBER COFFIN stated that the public's perception is that the City has millions of dollars in collections; he opined that most is not collectable. MS. JEFFERSON indicated that their case management system may indicate that they are unable to locate the individual to try to collect; however, when they try to extract that information through the case management system, it is not standardized, thus getting different descriptions. She assured that they are trying to produce something, even if it is a minimum. MR. VINCENT added that part of the issue is that the current software system is not fixable and seeking a new solution and the implementation will be done by outside professionals. MEMBER COFFIN stated that resources could be a solution. He asked if a list of people who have not paid warrants is a public record. MS. JEFFERSON responded that they have implemented the warrant hotline where a status can be viewed, but she does not believe a complete list could be downloaded. MR. HLAVAC assured MEMBER COFFIN that they are constantly looking at ways to update the existing database, but the difficulty is the allocation of resources. The solution of this is contained in the RFP process. Both CHAIR TARKANIAN and MEMBER COFFIN requested to see the list. MEMBER

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HEADLEE suggested not customizing the process too much.

Regarding Slide 8, NANCY BEATY, Senior Internal Auditor, explained for MEMBER HEADLEE that she had questions on few differences and since she is not an insurance expert, she asked them for insurance individually to make sure if those differences mattered. Once that is resolved, this item will be closed.

Regarding the audit of Economic and Urban Development, CHAIR TARKANIAN remarked that the City has given a good sum of money to people to start a business and some of those businesses fail. She wondered if information is available on whether additional money was allocated. CITY AUDITOR SNELDING replied that he would include that information on a future audit. CHAIR TARKANIAN felt that the information would help in the selection of those applying for future funds.

Regarding Operations and Maintenance, JERRY WALKER, Fleet Operations and Maintenance Director, explained that they had to buy two new software programs and merged the fuel oversight with five cycle assessments. The fleet software program was crashing and they were losing fueling and the data was not being worth it. Eventually they found a fuel software vendor, implemented it about nine months ago, but had unexpected, large amount of problems with that program in terms of user change to the new process, and now have to enter an accurate odometer reading. It has been a difficult process and now they need to correct all the problem data and once they have the fuel data, they will put it into the fleet software and create one database. Then they will code the program to provide fuel reporting, as requested by the Auditor's Office. Additionally, reports on the miles per gallon will prevent fuel theft. Until he can roll the fuel data into the fleet software, he will not be able to report on those. He is currently clearing up the data and assigned another individual to the project, as well as the department hired a temporary IT employee for the next two to three months to get the data into the new program and then start generating reports. Once he knows the report format, he can start writing the policies and procedures.

MEMBER COFFIN asked how many fuel docks are available. MR. WALKER replied that fuel docks are found at the West and East Service Centers, Fire Station 1, the satellite yard has gas and diesel available and 18 fire stations have diesel fuel docks. A standalone gas and diesel is available at Floyd Lamb Park. MEMBER COFFIN asked if these fueling stations are monitored and if accessible 24-7. MR. WALKER replied the yards are gated and the fire stations are accessible 24-7. He noted that since they uncovered a gasoline theft, signs were posted at the multi-user stations stating subject to electronic video surveillance and anyone found to steal fuel will be prosecuted. Employees attempting to fuel their private vehicles would have to use their badge and unit number. The new software would require a key and an employee number; the

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key will provide the unit number. The tanks are below ground with the exception of the Floyd Lamb Park tank and a process monitors the quantity of fuel available in the tanks.

Regarding Slide 10, ELGIN WILLIAMS, Community Program Manager, reported that they have implemented their procedures, which will be tested on Monday, MS. BEATY indicated that those results will be reported at the next meeting.

Regarding the Parks and Recreation audit, MS. BEATY reported on the method of allocating sport fields. It was moved from \$100 per team allocation period, which was a six-month period, to per hour per field rate. This helped because the leagues are paying the same price per field per hour. Additionally, the lighting fee was implemented, which make the leagues request only the amount of fields they really need. Department monitors go out to the fields and verify where the league is and if there is a problem they will bring that problem to that league's attention; there is a three strike policy. MS. BEATY stated that she asked for reports on what the leagues did before and what they are doing now.

Slide 11 related to the Planning Department Business Licensing lack of formal work plan and audit, selection methodology and accurate performance measurement results. The reason these are under the extended section is because these issues are being addressed. MARY McELHONE, Business License Section Manager, explained they are still working on getting the reports completed and she's hopeful they will be done before April.

