Audit of the City's Administration Over the Sale of Scrap Metal

CAO 1711-1617-02

July 12, 2016

Background

- City received approximately $73,000 over the past five years for scrap metal.
- Scrap metals include:
  - Copper wire
  - Street light poles
  - Traffic signal boxes
  - Unclaimed shopping carts
  - Used vehicle parts

Background (continued)

- Scrap metal collection points:
  - D&E Detention Center
  - Traffic Signal Repair Shop
  - Water Pollution Control Facility
  - East Yard
  - West Yard
- Recycling company supplies containers and hauls scrap metal to their facility.

Finding #1
Lack of Scrap Metal Disposal Policy and Procedure

- Lack of policies and procedures
- City employees unaware of scrap metal process
- Location of containers
- Use of containers
- Key contacts

Recommendations

- Document and implement policy and procedure that outline the collection and sale of scrap metal generated in city operations.

- Distribute policy and procedure to city employees and train employees as needed.

Finding #2
Lack of Reconciliation of Scrap Metal Payments

- City does not have a process for reconciling payments received from the recycling company to pick-ups.
- Recycling company documentation provided to the City is incomplete.
- Recycling company did not send the City payments from October 2014 through December 2015.

Recommendations

- Document and implement a process for reconciling scrap metal pickups to payments received.
- Evaluate increased separation of different types of scrap metal.
- Evaluate what additional measures can be taken to ensure the accuracy of the payments received.

Finding #3
Agreement Deficiencies

- Agreement lacks the required audit clause.
- Recycling company does not have a City of Las Vegas business license.

Recommendations

- Ensure all future agreements with the recycling company include the required audit clause.
- Require the recycling company to obtain a City of Las Vegas business license before doing any more business with the city.

Questions

Representing Internal Audit:

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Representing Operations and Maintenance

- Jerry Walker, Director
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