



Audit Oversight Committee Minutes

1. Call to Order

Minutes:

CHAIR THRONEBERRY called the meeting to order at 9:00 a.m.

PRESENT: CHAIR THRONEBERRY and MEMBERS ROLLO (seated as Vice Chair after Item 5), PREISS, KNUDSEN (seated as Chair after Item 5), and SEAMAN

ALSO PRESENT: SCOTT ADAMS, City Manager; RADFORD SNELDING, City Auditor; BRYAN SMITH, Internal Audit Section Manager; BRYAN SCOTT, Assistant City Attorney; and LUANN D. HOLMES, City Clerk

2. Announcement Regarding: Compliance with Open Meeting Law

Minutes:

ANNOUNCEMENT MADE: This meeting has been properly noticed and posted at the following locations: City Hall, 495 South Main Street, 1st Floor; Clark County Government Center, 500 South Grand Central Parkway; Grant Sawyer Building, 555 East Washington Avenue; City of Las Vegas Development Services Center, 333 North Rancho Drive.

3. Public Comment: Comment during this portion of the agenda must be limited to matters on the agenda for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:

None.

4. For possible action to approve the Final Minutes by reference of the Regular Meeting of October 23, 2019

Motion made by Victoria Seaman to Approve

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Joseph Throneberry, Brian Knudsen, Victoria Seaman, Melanie Rollo, Eric Preiss;

5. Discussion for possible action regarding the election of Officers to the Audit Oversight Committee for the 2020 calendar year

Minutes:

CHAIR THRONEBERRY nominated MEMBER KNUDSEN as Chair and MEMBER ROLLO as Vice Chair who both accepted his nominations.

Motion made by Joseph Throneberry to Approve the nomination of Brian Knudsen as Chair

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Joseph Throneberry, Brian Knudsen, Victoria Seaman, Melanie Rollo, Eric Preiss;

Motion made by Joseph Throneberry to Approve the nomination of Melanie Rollo as Vice Chair

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Joseph Throneberry, Brian Knudsen, Victoria Seaman, Melanie Rollo, Eric Preiss;

6. Report by staff and discussion for possible action regarding an update on the Audit Recommendations with a Status of Incomplete

Minutes:

A PowerPoint presentation, which was attached as backup, was displayed as BRYAN SMITH, Internal Audit Section Manager, provided a brief summary of the City Auditor's Office follow-up process. City management provides a response to each audit recommendation with an Estimated Date of Completion prior to the finalization of each report. The responses are found at the end of each report, and upon completion of an audit report, a recommendation is classified as Not Due. Once an Estimated Date of Completion has passed, the recommendation classification is changed to Incomplete if the recommendation has not yet been verified by an Auditor as having been completed. Once the recommendation is verified as having been addressed, the classification is changed to Complete. Staff works closely with the departments to address the recommendations and encourages the departments to notify staff when they believe they have fully addressed the recommendation so staff can begin its verification process.

Currently, Incomplete recommendations are reviewed twice each year with the Audit Oversight Committee. As of the July 24, 2019 meeting, there were 18 Incomplete recommendations and zero Not Due recommendations. Since that date, an additional 10 recommendations were issued to the Department of Information Technologies (IT). Additionally, eight recommendations have been Completed since this date and include four closed by IT, one closed by the Department of Public Safety, one closed by the Office of Community Services, and two closed by the Department of Parks and Recreation. As of this meeting, there are 16 Incomplete recommendations, 12 of which were incomplete last July and four Not Due recommendations.

MR. SMITH reviewed the 16 Incomplete recommendations by department beginning with the Office of Cultural Affairs which has six Incomplete recommendations from the Artist Contracts report issued in January of 2017. The six remaining Artist Contracts report recommendations address the need for procedures over the creation and execution of contracts with artists hired by the Office of Cultural Affairs and the need for clarification on insurance requirements for these artists. ALLY HAYNES-HAMBLEN, Director of Cultural Affairs, said most of the outstanding items are related to documentation of the procedures put in place to respond to the findings. Most of the procedural documentation has been completed, and MS. HAYNES-HAMBLEN would work with the City Auditor's Office to determine if the documentation can be put into practice. The verbiage for insurance requirements has been completed and the Artist Contracts templates have been updated with the verbiage.

The next department MR. SMITH addressed was Las Vegas Fire and Rescue, which had one Incomplete recommendation from the audit of the Fire and Rescue Vehicle Maintenance Shop report that was issued in July of 2017. FIRE CHIEF WILLIAM McDONALD, Director of Fire and Rescue, stated that they made excellent progress in addressing this finding in terms of determining a new software program. Vehicle maintenance reporting standards have been identified from other Fire Departments to help develop appropriate codes, and he expected to have this finding completed within the timeframe requested.

MR. SMITH indicated the Purchasing Division within the Department of Finance has one Incomplete recommendation that was found in the audit of the Office of Community Services – Redevelopment Agency Set-Aside Funds. Staff recommended the Purchasing Division document and implement procedures to more timely identify areas of non-compliance within insurance requirements within contracts monitored using the insurance tracking service vendor which has changed since the recommendation was issued. Staff has held off on closing this recommendation and has been working closely with DENISE MARCELLA, Purchasing Quality Assurance Administrator, on reviewing the efforts to address this recommendation. MS. MARCELLA said that a year ago the insurance tracking vendor was changed because the Purchasing Division was averaging less than 50

percent compliance for contracts. Recently, the Purchasing Division has been working with myCOI which has a robust software system and very good customer service and in doing so, has increased from less than 50 percent compliance to 80 percent compliance. New policies and procedures have also been created to increase enforcement, and there is a dedicated person to continuously monitor the insurance status of all policies.

MR. SMITH stated that the Department of IT has four Incomplete recommendations from the audit of the Computer Software Inventory report. He reminded the Members they were briefed on this audit at the most recent meeting, and the four recommendations pertain to the need for improved management controls and policies and procedures over IT purchases by departments, IT inventory, and hard drives removed from computers. MICHAEL SHERWOOD, Director of IT, stated that considerable progress has been made on each finding and hoped to have the policies and procedures completed within the next 30 to 45 days. Software modules have been obtained from ServiceNow and a contractor that knows best practices for IT inventory and management has been hired. MR. SHERWOOD noted more time may be needed to ensure the system is implemented properly. Additionally, over 1,400 hard drives have been destroyed, and he hoped this finding would be marked as Completed by the next meeting.

CHAIR KNUDSEN asked about the process to develop policies and procedures. MR. SHERWOOD informed him that based upon the recommendation received, staff reviewed ways to meet the goals identified and drafted a new policy, shared it internally, updated it with feedback received, and then sent all policies to the City Manager's Office for review and approval. Once this is finished, all departments adhere to a completed policy.

MEMBER SEAMAN asked if any of the Incomplete recommendations expose the City to cyber-attacks. MR. SHERWOOD replied overall, no; however, there could be a small risk if a hard drive was to be taken out of the City's position.

MR. SHERWOOD informed MEMBER THRONEBERRY that the Department of IT now has a much more efficient way of identifying inventory using ServiceNow, and it is helpful to know inventory because it helps to prevent cyber-attacks.

MEMBER ROLLO wondered how the hard drives were destroyed. MR. SHERWOOD said staff found a qualified third-party corporation to destroy the hard drives. This takes the responsibility off staff internally and places it on the third party who provides a documented list of serial numbers that can be validated against the list of staff. He added that over the next couple of years, physical hard drives in computers will be going away as the cloud is being leveraged more. He informed MEMBER ROLLO that the cost to destroy the 1,400 hard drives was less than \$5,000.

Lastly, MR. SMITH stated that the Department of Public Safety has four Incomplete recommendations from the Animal Control Division audit issued in April of 2018, which address the need for monthly reconciliation procedures of the pet licensing activity of the City and the animal shelter to the pet licensing vendor reports and the need for review of the adequacy of the systems security standards being followed by the pet licensing vendor and the animal shelter. LIEUTENANT MATTHEW TRIPLETT said pet licensing payments can be made online, to the pet licensing vendor, PetData, Inc., or at The Animal Foundation. Staff has been working with PetData, Inc. to address the recommendations who have improved their reports, and staff has improved its reconciliation in finding discrepancies. There have been two months where issues have been found and reconciled, and staff was waiting for the third month of reports so that it can move forward in presenting to the City Auditor's Office what is being done. In addition, a vacancy has been filled within the Animal Control Division and this will be one of their responsibilities, and new policies and procedures have been implemented.

NOTE: No action was taken on this item.

7. Report by staff on current audits

Minutes:

BRYAN SMITH, Internal Audit Section Manager, said the City Auditor's Office is involved in several current audits listed on a PowerPoint presentation slide, which was attached as backup, including the audits of citywide controls over insurance certificates, a healthcare contract, departmental oversight of fueling transactions, the

Parking Division Change Fund, Capital Project fund management in the Department of Public Works, City Marshals, education programs in the Department of Youth Development and Social Innovation, and Information Technology (IT) change control. In addition to these audits, staff is involved in closing out previously issued audit recommendations.

CITY AUDITOR RADFORD SNELDING said subsequent to completing and publishing the agenda, he received a request from CHAIR KNUDSEN to complete an audit on the homeless courtyard operations. This is important because an audit plan is proposed at the beginning of the year, and if this plan changes, it is MR. SNELDING'S commitment to the Members to bring any changes back for review. With the approval of the Chair, he could move forward on the preliminary work to begin the audit as requested. In the situation where the Chair may not want to make that decision, a one-item agenda meeting may be called.

CHAIR KNUDSEN said he would not make a decision prior to the next meeting and asserted that volunteering to serve as Chair had nothing to do with this request.

CITY MANAGER SCOTT ADAMS commented that a contract would be brought to City Council to request the operations of the homeless courtyard be placed with a nonprofit provider. He believed the audit should be completed immediately as that would provide an awareness of any deficiencies for a new operator going forward.

CHAIR KNUDSEN thought that another meeting might want to be scheduled immediately.

ASSISTANT CITY ATTORNEY BRYAN SCOTT advised that further discussion on the matter should be addressed under Item 8.

See Item 8 for related discussion.

8. **Discussion regarding topics for future agenda items.** Comments made during this portion of the agenda by individual members shall refer solely to proposals for future agenda items and any discussion shall be limited to whether or not such proposed items are within the purview of the Committee and/or whether such proposed items shall be placed on a future agenda. No discussion regarding the substance of any such proposed topic shall occur and no action shall be taken.

Minutes:

CHAIR KNUDSEN directed the City Auditor to reach out to schedule another meeting to discuss an audit of the homeless courtyard. This would potentially include the audit in addition to prioritizing it ahead of some of the other audits. CITY AUDITOR RADFORD SNELDING confirmed staff will begin to put the agenda together and schedule another meeting quickly.

See Item 7 for related discussion.

9. **Citizens Participation:** Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:

None.

10. **Adjournment**

Minutes:

The meeting was adjourned at 10:32 a.m.

Respectfully submitted:

Ashley Foster, Deputy City Clerk

LuAnn D. Holmes, MMC, City Clerk

THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Hall, 495 South Main Street, 1st Floor
Clark County Government Center, 500 South Grand Central Parkway
Grant Sawyer Building, 555 East Washington Avenue
City of Las Vegas Development Services Center, 333 North Rancho Drive