



## Audit Oversight Committee Minutes

### 1. Call to Order and Roll Call

Minutes:

CHAIR SEAMAN called the meeting to order at 10:00 a.m.

PRESENT: CHAIR SEAMAN and MEMBERS PREISS, THRONEBERRY, FIORE, and GAUGHAN

ALSO PRESENT: GARY AMELING, Chief Financial Officer; RADFORD SNELDING, City Auditor; BRYAN SMITH, Internal Audit Section Manager; JAMES BURNETT and NANCY CARDOZA, Senior Internal Auditors; NECHOLE GARCIA, Deputy City Attorney III; LUANN D. HOLMES, City Clerk; and ASHLEY FOSTER and BRIAN CARROLL, Deputy City Clerks

### 2. Announcement Regarding: Compliance with Open Meeting Law

Minutes:

ANNOUNCEMENT MADE: This meeting has been properly noticed and posted at the following locations in accordance with the noticing standards as outlined in NRS 241.020: City Hall, 495 South Main Street, 1st Floor; The City of Las Vegas website – [www.lasvegasnevada.gov](http://www.lasvegasnevada.gov); and The Nevada Public Notice website – [notice.nv.gov](http://notice.nv.gov).

### 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 January 10, 2022

Motion made by Eric Preiss to Approve

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

For-Joseph Throneberry, Victoria Seaman, Eric Preiss, Michele Fiore, Brendan Gaughan;

### 5. Discussion for possible action regarding Audit of Office of Strategic Services – Customer Care Center – Financial Operations (SS001-2122-02)

Minutes:

While a PowerPoint presentation was shown, a copy of which was attached as backup, JAMES BURNETT, Senior Internal Auditor, said the Customer Care Center, which is part of the Office of Strategic Services, is located in the Parking Services Office. It opened in March of 2020 and is the initial point of contact for residents calling the City for information. It also accepts residents' payments for various transactions including sewer bills, parking citations, pet license fees, Code Enforcement fines, Business Licensing fees, and building permit fees. It is staffed by one Administrative Officer, three Senior Call Center Specialists, and seven Call Center

Specialists. In addition, four of the Call Center Specialists serve as primary cashiers, processing residents' payments using seven different systems. The Customer Care Center is overseen by the Strategic Initiatives Manager.

MR. BURNETT identified the objectives of the audit, which were to review the financial operations and determine whether the Customer Care Center is complying with the City's cash handling policies and procedures; payments are being accurately processed, balanced and recorded; deposits are being properly prepared, deposited and reconciled; cash box keys are properly secured during business and after hours; combinations to the safes are provided only to appropriate personnel and the combinations are being changed in accordance with City policy; access to non-public areas of the office are appropriately restricted; and system access permissions assigned to Customer Care Center personnel are appropriate for their job responsibilities.

Finding #1 – MR. BURNETT reported the following: the Customer Care Center does not comply with the policy that requires all cash collections, regardless of amount, to be deposited within 24 hours; a cashier was not always locking their cash drawer when unattended; and management is not maintaining a record of employees with access to safes. In addition, safe combination change documentation from the City's locksmith is not being retained as required by policy. Office procedures do not address the check acceptance requirements found within the City's Personal Check Acceptance Policy and Procedure, and staff is not fully complying with these requirements. Lastly, Strategic Services management is not conducting periodic cash handling audits as required by the policy.

Audit staff recommended the following for Strategic Services management: consult with the Finance Department regarding compliance with the City requirement that all cash collections be deposited within 24 hours; staff be required to lock their cash drawers when unattended and document and implement procedures that verify this is being done; records are maintained with information regarding the employees who have access to the Customer Care Center safes and dates of changes made to safe combinations along with supporting documentation from the City locksmith; document and implement procedures to change safe combinations; implement and incorporate the City's personal check acceptance procedures into the Office of Strategic Services' documented procedures; develop, document, and implement the completion of periodic cash handling audits of the Customer Care Center; and provide periodic training to the Customer Care Center staff on cash handling policies and procedures.

Finding #2 – Entry into the Customer Care Center office space is controlled by three electronic badge access restricted doors. Audit staff reviewed a report listing individuals with access to these doors as of July 12, 2021 as well as access activity reports during the period from March 1, 2021 through August 31, 2021, and noted the following: there are 293 badges with access to the Customer Care Center office. Additionally, the City's janitorial service contractor has 40 badges not assigned to specific individuals that have access to the Customer Care Center office, which increases the risk of unauthorized access without accountability. All of these badges, except three, have 24-hour access to the Customer Care Center office, and Audit staff felt the number of badges with 24-hour access may be excessive.

Audit staff made two recommendations, which are for Strategic Services management to document and implement procedures to periodically obtain and review electronic badge access reports from the Department of Public Safety and evaluate the appropriateness of those with access to the Customer Care Center office and their hours of access. In addition, management should evaluate whether the generic badges with access to the office could be assigned to individuals or controls could be implemented surrounding these badges to allow for improved accountability.

Finding #3 – The Customer Care Center cashiers use seven different systems to process customer payments for other departments. Audit staff obtained and reviewed the system access permissions of the Customer Care Center staff within these systems and discussed these permissions with the respective system administrators. The following was noted: the Customer Care Center cashiers were found to have different access permissions for certain systems despite having the same roles and responsibilities; the access permissions of certain employees who transferred into the Customer Care Center from other City departments were not changed before starting their new jobs; and the access permissions of certain employees are not compatible with their current job responsibilities.

Audit staff recommended the following for Strategic Services management: work with system administrators,

department management, and the Information Technologies (IT) Department, to review the appropriateness of the current system access permissions of the Customer Care Center employees and make changes as needed; alert system administrators when an employee's job responsibilities change and evaluate whether changes are needed to their system access permissions; periodically review the system access permissions of the Customer Care Center employees to ensure they are compatible with their current job responsibilities; and establish and document compensating monitoring controls for systems whose access permissions cannot be adequately restricted to prevent cashiers from performing unauthorized transactions.

MR. BURNETT indicated that Strategic Services management is supportive of the recommendations and their responses could be found at the back of the attached report. In their responses, management estimated they will have addressed the recommendations by July or October of 2022. He thanked them and staff for their assistance with this audit.

MEMBER PREISS wondered if there is a process in place to adjust procedures as Audit staff determines whether they are necessary. CHIEF FINANCIAL OFFICER GARY AMELING confirmed that staff reviews policies to identify whether they need to be updated when audit results are received and staff sees where practices are not matching up with the City's policies.

Motion made by Eric Preiss to Accept

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

For-Joseph Throneberry, Victoria Seaman, Eric Preiss, Michele Fiore, Brendan Gaughan;

6. Discussion for possible action regarding Audit of Las Vegas Municipal Court – Gift Card Controls and Policy Compliance (MC006-2122-03)

Minutes:

While a PowerPoint presentation was shown, a copy of which was attached as backup, NANCY CARDOZA, Senior Internal Auditor, reported on the audit of Las Vegas Municipal Court Gift Card Controls and Policy Compliance. The Municipal Court provides rehabilitation programs through seven Specialty Courts, which are the Women In Need of Change (WIN), DUI (Driving Under the Influence), Veterans, Habitual Offender Prevention & Education (HOPE), Young Offenders (YO), Mental Health, and Fresh Start Homeless Courts. Each Specialty Court utilizes gift cards to provide participants with incentives and rewards for program accomplishments and to help participants with necessities such as food, clothing, and transportation. Departments purchasing gift cards must follow the City's Gift Card Policy/Procedure (FN212). Gift cards are considered cash equivalents, and each department purchasing gift cards is responsible for obtaining appropriate approvals from a department director or manager and from a Finance Department manager using the Gift Card Purchase Request Form, maintaining a Gift Card Inventory & Disbursement Log, and ensuring physical security of all purchased gift cards.

She reviewed the audit objectives, which were to verify compliance with the City's gift card policies and procedures and determine whether internal controls are adequately designed and operating effectively to mitigate the risk of gift card fraud and waste.

Finding #1 – Audit staff noted that only the gift card purchaser was familiar with the City's gift card policy and procedures, whereas most Specialty Court gift card custodians were not familiar with the policy and lacked training on it. It was recommended that Municipal Court management provide additional training to gift card custodians on how to appropriately comply with the City's gift card policy and procedures.

Finding #2 – The City Auditor's Office met with all Municipal Court gift card custodians to discuss physical security of gift cards. Although most Specialty Courts secure their gift cards in locked cabinets or drawers, one of the Specialty Courts was not aware that gift cards should be secured under lock and key. It was recommended that Municipal Court management instruct gift card custodians to secure gift cards under lock and key with restricted access as well as periodically verify these individuals are properly securing their gift cards.

Finding #3 – Audit staff examined gift card logs for the period of July 1, 2019 through June 30, 2021. A total of 142 gift cards were distributed within that time period. MS. CARDOZA noted 71 of the 142 documented gift

cards were missing distributor signatures, and 21 of the 142 documented gift cards were missing a description of the event, purpose, or distribution date. It was recommended that Municipal Court management provide additional training to gift card custodians on the proper way to complete gift card logs when distributing gift cards and that management verify compliance with the gift card policy/procedure by periodically reviewing the completed gift card logs.

Finding #4 – Audit staff noted that the gift card purchaser records each gift card purchased in a blank gift card log, which is then given to the gift card custodians at each Specialty Court. This individual also maintains a separate spreadsheet that tracks all gift cards purchased and the Specialty Court each is given to. As gift cards are distributed by custodians, the gift card purchaser is notified, and the spreadsheet is updated to reflect each distribution. The gift card purchaser performs an annual count of the gift cards held by custodians and reconciles the count to ensure all unissued gift cards are still on hand. However, staff noted Municipal Court management does not participate in this count nor do they regularly perform their own inspection and audit of the unissued gift cards and logs as required by policy. It was recommended that Municipal Court management implement procedures requiring independent inspections and audits of the unissued gift cards and logs in accordance with policy.

Finding #5 – Audit staff observed and documented all gift cards held by Specialty Court gift card custodians and found that one of the Specialty Courts was missing four \$25 Uber gift cards. They were informed that these gift cards were lost during the recent move from the Regional Justice Center to the new Municipal Court building. The gift card custodian believed they will eventually be found in boxes yet to be unpacked. It was recommended that Municipal Court management locate the missing gift cards or report them missing to the Finance Department.

MS. CARDOZA stated that Municipal Court management was supportive of the recommendations and their responses could be found at the back of the attached report. They estimated being able to address all but one of the recommendations before this meeting and the other one before May. She thanked management and staff for their help with this audit.

Motion made by Eric Preiss to Accept

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

For-Joseph Throneberry, Victoria Seaman, Eric Preiss, Michele Fiore, Brendan Gaughan;

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

Minutes:

While a PowerPoint presentation was shown, a copy of which was attached as backup, BRYAN SMITH, Internal Audit Section Manager, explained that prior to the finalization of every audit report, City management provides a management action plan and an estimated date of completion for each audit recommendation, which is found at the back of every audit report. Upon release of an audit report, an audit recommendation is classified as Not Due. Once an audit recommendation's estimated date of completion passes and the recommendation has not yet been verified by an Auditor as having been addressed, the classification of the recommendation is changed to Incomplete. Once an audit recommendation has been verified by an auditor as having been addressed, the recommendation classification is changed to Complete. He noted that staff works closely with City departments as they address the audit recommendations. Currently, there are 32 Incomplete Recommendations, which MR. SMITH reviewed.

The Department of Finance has completed two of the eight recommendations from the Accounting Operations – Petty Cash report. The six remaining Incomplete audit recommendations address the need for improvements to the Department's documented procedures over the handling of the Accounting Operations petty cash funds and the need for training staff on these procedures.

SUSAN HELTSLEY, Director of Finance, and ARIANNA RODRIGUEZ MORA, Accounting Manager, were present to provide an update. MS. HELTSLEY stated that they are currently reviewing the policies for the petty cash fund. Once this review is completed, the policies will be distributed to other City departments for their review. She hoped to have them finalized by the end of June. The Department is also considering closing the

Accounting Operations petty cash funds, and once these are closed, the associated recommendations will be completed. She reassured the Members that there are procedures in place for how the Department will manage without the petty cash funds, such as using iExpense for travel requests.

MR. SMITH reviewed the Department of Information Technologies (IT), which has completed nine of the 10 recommendations from the Audit of Computer Hardware Inventory report. The remaining recommendation addressed the need for IT to document and implement a process for completing periodic Citywide inventories of IT assets to ensure the accuracy of records. In response to this recommendation, IT documented new asset management procedures and has completed a Citywide inventory of IT assets using a newly implemented asset management software. They have also begun periodic cycle counts of IT assets. Audit staff has finalized their review and testing of the Department's efforts in addressing this recommendation, which included confirming the existence of a sample of IT assets from the management software. Based upon their testing, staff was satisfied that the Department has adequately addressed this recommendation and considered it to be Complete. During the course of testing, further improvements were identified that can be made to the inventory process, which will be shared with IT. He thanked the Department for their assistance in addressing the recommendation.

MR. SMITH indicated the Office of the City Manager has completed eight of the 10 recommendations from the Audit of Management Controls Over Insurance Certificates. The two remaining Incomplete audit recommendations address the need for developing, documenting, and implementing Citywide and department procedures for the oversight of the receipt, review, monitoring, and retention of insurance certificates received by City departments. Subsequent to this audit, the City promoted JOHN RAFTERY, Department of Human Resources (HR), to be the City's Risk Manager. MR. RAFTERY has been working with the Office, HR management, and City departments to implement the City's new Certificate of Insurance Review process.

VINCE ZAMORA, Human Resources Director, said they have completed five of the outstanding recommendations, and he believed they were well prepared to close out the final two.

MR. SMITH stated that Las Vegas Fire and Rescue (Fire Department) has not yet completed any of the five recommendations from the audit of Fueling Transactions Oversight. The five Incomplete audit recommendations he displayed on the PowerPoint slide relate to the oversight of their fueling transactions. The recommendations request that the Department evaluate the number of ProKees they have, update their ProKee request forms, document and implement department procedures for completing the ProKee logs and reconciliations, and document and implement procedures for reviewing the fueling reports for irregular transactions.

FIRE CHIEF JEFF BUCHANAN, Director of Las Vegas Fire and Rescue, said the Fire Department will give full accountability and will comply with the recommendations. They will also work closely with JERRY WALKER, Director of Operations and Maintenance, who confirmed he has been in discussions with the Fire Department, dealing with other matters relevant to the audit. Within his procedures is a place for procedures applicable to the Fire Department, which will be similar to the procedures developed for the Operations and Maintenance Department. They will look at specific engine use, reissue ProKees, and eliminate the five recommendations as an inclusion into the Citywide procedure. They will also review other Fire fueling issues such as tank inventory, escalation costs, and the use of primary ProKees.

Lastly, MR. SMITH reported on the Operations and Maintenance Department, which Audit staff issued audit reports for the three divisions of Facilities, Streets and Sanitation, and Fleet and Fuel Services regarding the oversight of their fueling transactions. In addition, staff issued a report to the Fleet and Fuel Services Division regarding their administration of the fueling program. The Department has completed two of the 21 recommendations provided in these four reports. The remaining 19 Incomplete recommendations are included in the PowerPoint presentation.

The first slide MR. SMITH displayed had three Incomplete recommendations to the Facilities Division including the need to update their secondary ProKee request forms, document and implement secondary ProKee transaction reconciliations, and to review fueling reports for irregular transactions. He displayed three similar recommendations to the Streets and Sanitation Division and an additional three similar recommendations to the Fleet and Fuel Services Division. Additionally, he displayed the nine recommendations provided to the Fleet and Fuel Services Division relating to their administration of the fueling program for all City departments. These

include recommendations that they improve communications of the policies and procedures with departments, create Citywide fueling policies and procedures, review compliance by departments periodically, and improve fueling reports being provided to departments. In addition, Audit staff recommended that Fleet Services take steps to keep their fueling records updated and to inquire of departments as to whether secondary ProKees with infrequent use are still needed.

Motion made by Eric Preiss to Approve

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

For-Joseph Throneberry, Victoria Seaman, Eric Preiss, Michele Fiore, Brendan Gaughan;

8. Report by staff regarding current audits

Minutes:

While a PowerPoint presentation was shown, a copy of which was attached as backup, BRYAN SMITH, Internal Audit Section Manager, reported that the Office of the City Auditor is involved in an audit of the controls over the management of gift cards within the Office of Community Services and the Youth Development and Social Innovation and Parks and Recreation Departments. In addition, a report to the Finance Department will be provided regarding the adequacy of the current gift card policy. Staff is also involved in the audit of a payment collection site at Floyd Lamb Park and continues to remain involved in verifying the completion of previously issued audit recommendations.

MEMBER PREISS believed there were approximately 30 open audit recommendations and wondered if staff kept track of whether the audit recommendations are being completed in a timely manner. MR. SMITH confirmed staff does keep track and noted that the estimated date of completion provided by management is also included in the Members' backup documentation.

Regarding the gift card audits, MEMBER THRONEBERRY said it would be helpful to clarify the amounts of missing gift cards in the report and include whether a missing gift card that was used has been reported to the Department of Public Safety for investigation. MR. SMITH thought this might pose a challenge as most gift cards include a pin number that is not visible until it is scratched off; however, staff could take extra steps to include this information in the report.

MEMBER PREISS believed gift cards create an exposure risk and a potential for misuse. He asked staff to keep this in mind. MR. SMITH said staff is starting their audit at the department level to see how City departments are complying with the policy, and based on what is found at the department level, a report will be provided to the Finance Department regarding areas of improvement that are needed in the City's policy.

9. **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:

None.

10. **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.

11. **Adjournment**

Minutes:

CHAIR SEAMAN announced the next Audit Oversight Committee meeting is scheduled for July 11, 2022.

The meeting was adjourned at 10:41 a.m.

Respectfully submitted:

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Ashley Foster, CMC, Deputy City Clerk

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LuAnn D. Holmes, MMC, City Clerk

THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS  
IN ACCORDANCE WITH THE NOTICING STANDARDS AS OUTLINED IN NRS 241.020:

The City of Las Vegas website – [www.lasvegasnevada.gov](http://www.lasvegasnevada.gov)

The Nevada Public Notice website – [notice.nv.gov](http://notice.nv.gov)

City Hall, 495 South Main Street, 1st Floor