



Audit Oversight Committee Agenda

Items listed on the agenda may be taken out of the order presented; two or more agenda items for consideration may be combined; and any item on the agenda may be removed or related discussion may be delayed at any time. Backup material for this agenda may be obtained from LuAnn D. Holmes, City Clerk, at the Office of the City Clerk, 495 South Main Street, 2nd Floor or on the city's webpage at www.lasvegasnevada.gov.

The public is encouraged to send comments electronically prior to the meeting via e-mail to meetingcomments@lasvegasnevada.gov. E-mails MUST contain the meeting name, date and item number in the subject. E-mails received up to an hour before the meeting will be considered public record, read during the meeting where appropriate and will be included in the backup. A time limit may be imposed on the reading of comments as is done during meetings when comments are made in person.

1. **Call to Order and Roll Call**
2. **Announcement Regarding: Compliance with Open Meeting Law**
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.
4. For possible action to approve the Final Minutes by reference of the Regular Meeting of January 11, 2021
5. Discussion for possible action regarding Audit of Public Works Department – Fueling Transactions Oversight (CW015-2021-09)
6. Discussion for possible action regarding Audit of Fire & Rescue Department – Fueling Transactions Oversight (CW015-2021-10)
7. Report by staff and discussion for possible action regarding an update on the Audit Recommendations with a Status of Incomplete
8. Report by staff regarding current audits
9. Discussion for possible action regarding the completion of an audit of the City of Las Vegas' cybersecurity threat controls
10. **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.
11. **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.

12. **Adjournment**

Facilities are provided throughout City Hall for the convenience of persons with disabilities. Reasonable efforts will be made to assist and accommodate persons with disabilities or impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 702-229-6311 and advise of your need at least 48 hours in advance of the meeting. Dial 7-1-1 for Relay Nevada.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS
IN ACCORDANCE WITH THE STATE OF NEVADA EXECUTIVE DEPARTMENT
DECLARATION OF EMERGENCY DIRECTIVE 006
The City of Las Vegas website – www.lasvegasnevada.gov
and
The Nevada Public Notice Website – notice.nv.gov



Background

- The city's Fleet and Fuel Services Division (Fleet Services) of the Operations & Maintenance Department administers the city's fueling operations.
- Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.
- To access a city fuel pump, a plastic electronic fob known as a **prokee** must be placed into a slot at the pump.
- **Primary Prokee** – Assigned to a specific vehicle.
- **Secondary Prokee** – Not assigned to any specific vehicle or piece of equipment. Used for filling gas cans and small equipment.



Prokee





Pumps and Fueling System





Secondary Prokee Request Form

SECONDARY PROKEE REQUEST FORM

I, _____, hereby request secondary prokee(s) to access to the CLV fuel system and agree to follow the process steps, and abide by the rules listed below. The process for dispensing fuel is as follows:

Prokee Transaction

- Drive up to appropriate fuel dispenser
- Insert prokee into electronic reader
- Remove and reinsert prokee as prompted
- As prompted enter employee identification number
- As prompted enter pump number desired
- Remove respective nozzle and turn pump lever to initiate operation and squeeze nozzle handle to dispense fuel
- Return pump lever and nozzle to original positions upon completion
- Insert prokee into electronic reader to update daily data

- **CLV fueling locations and products are for official approved use only. Misuse may constitute theft in accordance with NRS 205.0832, and in accordance with the City Fraud Policy FSD will report any reasonable suspicion of theft or fraud to the Department of Detention and Enforcement City Marshals.**
- No smoking is allowed in or around a fuel pump area.
- No loitering is allowed in or around a fuel pump area.
- A vehicle in a fuel pump area is to be turned off and attended to at all times.
- During fueling activities the vehicle operator is to be in control of the fuel pump nozzle until it is returned to the dispenser cabinet.
- Utilize approved transport containers only.
- **User is responsible for tracking all fuel disbursements.**
- **Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.**
- Follow the process steps as provided above, and as prompted by the electronic reader. Failure to do so may result in automated lockout of fueling privileges. Restoration of lockout applications will be at the discretion of FSD.
- Report the loss of any prokee immediately. Cost assessments will apply to prokee replacements.
- The user is responsible for knowing and following all other applicable safety rules and precautions
- **Use of the City fuel sites is a privilege and not a right of employment. Continued or blatant misuse of the system will result in temporary or permanent suspension of fueling privileges.**

Prokee Request No.	Unit No.	Max Gallons Gasoline	Max Gallons Diesel	Max Gallons Bio-Diesel
1				
2				
3				
4				
5				

Employee Printed Name

Employee Signature

Date

Manager Printed Name

Manager Signature

Date



Monthly Secondary Prokee Fueling Report

Monthly Fueling Transactions for Prokee Fobs for Small Equipment for 10/1/2020 to 10/31/2020

Color Legend:	Transactions Before 6 AM and After 6 PM	Transactions Within 60 Min of the Previous
	Transactions > Tank Capacity	Transactions on Fri, Sat, Sun, or CLV Holiday

Run Date: 12/9/2020

Prokee #	Employee #	Date	Time	Trans #	Trans Type	Site	Pump	Fuel Type	Price/Gal	Fill Qty	Total Cost
Budget Organization: 16801											
50001	000987087	10/15/2020	9:58 am	351364	0	106	X101	RFG	2.46	6.69	16.46
50007	000981875	10/15/2020	6:45 am	351311	0	103	X111	RFG	2.46	2.70	6.64
50010	000980602	10/1/2020	5:53 am	349402	0	101	X306	BioDiesel	1.91	10.20	19.47
50010	000981626	10/1/2020	8:59 am	349403	0	101	X305	BioDiesel	1.91	3.60	6.87
50010	000981626	10/5/2020	6:38 am	349842	0	101	X305	BioDiesel	1.91	5.80	11.07
50010	000981626	10/6/2020	6:46 am	350328	0	101	X305	BioDiesel	1.91	35.80	68.34
50010	000981626	10/19/2020	6:20 am	351711	0	101	X305	BioDiesel	1.88	9.60	18.06
50010	000981626	10/20/2020	5:58 am	351812	0	101	X305	BioDiesel	1.88	3.40	6.40
50010	000981626	10/21/2020	6:08 am	352017	0	101	X306	BioDiesel	1.88	13.10	24.59
50010	000988519	10/23/2020	4:37 pm	352503	0	103	X110	RFG	2.45	8.00	19.58
50010	000984787	10/27/2020	7:55 am	352801	0	103	X113	RFG	2.45	4.70	11.50
50010	000984787	10/27/2020	8:01 am	352890	0	101	X304	BioDiesel	1.88	33.10	62.13
50010	000981626	10/27/2020	1:14 pm	352889	0	101	X305	BioDiesel	1.88	9.10	17.08
50010	000981626	10/28/2020	1:41 pm	353036	0	103	X113	RFG	2.45	2.70	6.61
50018	000984015	10/5/2020	12:30 pm	349843	0	101	X305	BioDiesel	1.91	20.00	38.18
50018	000984015	10/14/2020	2:03 pm	351084	0	103	X210	RFG	2.46	14.20	34.92
50018	000984015	10/14/2020	2:18 pm	351220	0	101	X305	BioDiesel	1.91	14.50	27.68
50018	000984831	10/19/2020	8:27 am	351712	0	101	X306	BioDiesel	1.88	34.30	64.52
50018	000984831	10/27/2020	9:11 am	352891	0	101	X305	BioDiesel	1.88	24.50	45.99
50031	000910224	10/1/2020	12:18 pm	349251	0	106	X104	RFG	2.46	3.30	8.11
50031	000920137	10/4/2020	8:35 am	349698	0	106	X102	RFG	2.46	4.00	9.84



Quarterly Primary Prokee Fueling Report

Quarterly Fueling Transactions for Vehicles With Unit IDs for 7/1/2020 to 9/30/2020

Color Legend:	Transactions Before 6 AM and After 6 PM	Transactions Within 60 Min of the Previous	Transactions on Fri, Sat, Sun, or CLV Holiday
	Transaction MPG +/- 5 Miles of Ave. MPG	Transactions > Tank Capacity	Total Miles > Total Possible Miles Per Tank

Vehicle	Odometer	Employee#	Date	Time	Trans #	Trans Type	Site	Pump	Fuel Type	Price/Gal	Fill Qty	Total Cost	Total Miles	MPG	
Budget Organization: 16801															
3026	2T PICKUP	16801	96,678	000964870	8/18/2020	8:35 am	343513	0	105 X208	BioDiesel	1.94	24.24	47.10	206	8.50
3026	2T PICKUP	16801	96,761	000964870	8/27/2020	6:01 am	344582	0	105 X208	BioDiesel	1.99	18.94	37.66	82	4.33
3026	2T PICKUP	16801	96,888	000964870	9/2/2020	2:29 pm	345334	0	105 X208	BioDiesel	1.99	13.89	27.62	127	9.14
3026	2T PICKUP	16801	97,055	000964870	9/16/2020	1:57 pm	347141	0	105 X208	BioDiesel	2.00	20.61	41.25	171	8.30
3037	2T DUMP BED TRUCK	16801	98,570	000963543	7/30/2020	12:16 pm	340448	0	101 X306	BioDiesel	1.90	31.90	60.61	304	9.53
3037	2T DUMP BED TRUCK	16801	98,794	000963543	8/20/2020	1:18 pm	343436	0	101 X306	BioDiesel	1.94	33.60	65.09	224	6.69
3037	2T DUMP BED TRUCK	16801	98,960	000963543	9/9/2020	10:33 am	346236	0	101 X306	BioDiesel	2.05	31.10	63.82	166	5.34
3037	2T DUMP BED TRUCK	16801	99,127	000963543	9/23/2020	3:16 pm	348133	0	101 X305	BioDiesel	1.97	22.10	43.54	167	7.56
3141	10 WH DUMP BED TRUC	16801	58,544	000930107	7/14/2020	2:04 pm	338143	0	101 X305	BioDiesel	1.89	51.10	96.53	209	4.09
3141	10 WH DUMP BED TRUC	16801	58,688	000961626	8/6/2020	5:57 am	341449	0	101 X304	BioDiesel	1.90	32.90	62.51	142	4.32
3141	10 WH DUMP BED TRUC	16801	58,916	000930107	8/19/2020	1:35 pm	343402	0	101 X304	BioDiesel	1.94	49.70	96.57	230	4.63
3141	10 WH DUMP BED TRUC	16801	59,153	000966290	8/18/2020	7:21 am	347474	0	101 X305	BioDiesel	1.97	47.00	92.59	237	5.04
3231	1T PICKUP	16801	98,714	000980076	7/8/2020	10:33 am	337338	0	101 X305	BioDiesel	1.93	21.50	41.54	229	10.65
3231	1T PICKUP	16801	99,015	000980076	8/3/2020	5:44 am	340902	0	101 X305	BioDiesel	1.90	27.00	51.30	301	11.15
3231	1T PICKUP	16801	99,325	000980076	8/20/2020	6:59 am	343437	0	101 X306	BioDiesel	1.94	29.00	56.35	314	10.83
3231	1T PICKUP	16801	99,555	000980076	9/30/2020	6:26 am	349141	0	101 X305	BioDiesel	1.97	23.20	45.70	230	9.91
3296	1T PICKUP	16801	30,781	000980986	7/6/2020	2:59 pm	336908	0	101 X301	BioDiesel	1.93	27.60	53.32	179	6.49
3296	1T PICKUP	16801	30,924	000980986	7/15/2020	10:53 am	338274	0	101 X303	BioDiesel	1.89	26.60	50.25	143	5.38
3296	1T PICKUP	16801	31,094	000980986	7/28/2020	3:30 pm	340010	0	101 X305	BioDiesel	1.90	27.30	51.87	170	6.23
3296	1T PICKUP	16801	31,276	000980986	8/19/2020	7:05 am	343373	0	101 X303	BioDiesel	1.94	28.70	55.75	182	6.34
3296	1T PICKUP	16801	31,423	000980986	9/9/2020	6:16 am	346217	0	101 X303	BioDiesel	2.05	22.30	45.75	147	5.59
3296	1T PICKUP	16801	31,621	000980986	8/18/2020	8:33 am	347472	0	101 X305	BioDiesel	1.97	29.30	57.72	198	6.76
3324	3/4T PICKUP	16801	96,373	000990052	7/25/2020	9:36 am	339649	0	101 X303	BioDiesel	1.90	14.10	26.79	126	8.94

Run Date: 10/29/2020

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Objectives

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued.
- To determine whether a secondary prokee use log is being maintained and reconciled to the monthly secondary prokee fueling reports.
- To determine whether management is reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling procedures.



Background

Public Works - Fiscal Year 2020:

Primary Prokees:

2,762 transactions, 54,840 gallons

7 Secondary Prokees:

65 transactions, 351 gallons

Transportation Engineering Division:

5 Secondary Prokees used 42 times

Environmental Division:

2 Secondary Prokees used 23 times



Findings

- 6 of the 7 Secondary Prokee Request Forms are signed by employees and/or managers that no longer work for the city.
- Secondary Prokee Use Logs are not being maintained for 2 of the 7 secondary prokees.
- Secondary Prokee Use Logs are being maintained and reconciliations performed for 5 of the 7 secondary prokees. However, there were no documented explanations for unusual transactions on the fueling reports and the reconciliations were not signed and dated by the preparer or manager who has reviewed and approved the reconciliations.
- No department procedures addressing the use of secondary prokees, the maintenance of use logs, and the reconciliation of the logs to the fueling reports.
- 2 of 7 secondary prokees are not being used.



Findings (continued)

- Monthly and Quarterly fueling reports are not all being adequately reviewed by management.
- Lack of documented evidence of reviews such as signatures, dates, identification of irregular transactions and explanation for transactions.
- No documented department procedures outlining how the review of the fueling reports is to be completed, documented, and by whom.



Recommendations

Public Works Management should:

- 1.1 Work with Fleet Services to update outdated secondary prokee request forms.
- 1.2 Evaluate whether all of its secondary prokees are still needed.
- 1.3 Document and implement department procedures requiring that:
 - Use logs be maintained for all secondary prokees.
 - Reconciliation of logs to fueling reports be completed, documented, and signed and dated by preparer and reviewer.
- 2.1 Document and implement department procedures requiring that the:
 - Monthly and quarterly fueling reports be reviewed for irregular transactions
 - Review be documented including the identification of any irregular transactions, explanations for the transactions, and signature of the reviewer and date of the review.



Questions

CITY AUDITOR'S OFFICE



AUDIT OF PUBLIC WORKS DEPARTMENT FUELING TRANSACTIONS OVERSIGHT

Report CW015-2021-09

March 25, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

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AUDIT OF PUBLIC WORKS FUELING TRANSACTIONS OVERSIGHT Report CW015-2021-09

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations & Maintenance Department administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

The Department of Public Works (Public Works) staff utilize city fuel sites for fueling department vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a secondary prokee request form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

During fiscal year 2020, Public Works had 2,762 primary prokee transactions totaling 54,840 gallons and 65 secondary prokee transactions totaling 351 gallons.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to Public Works.

- To determine whether Public Works is maintaining a secondary prokee use log and reconciling the log to the monthly secondary prokee fueling reports.
- To determine whether Public Works management is reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling procedures.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports in fiscal year 2020. The last date of fieldwork was November 23, 2020.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

A secondary prokee request form is on file with Fleet Services for Public Work's seven secondary prokees; however, 4 of the 7 forms are signed by employees who are no longer employed by the city and 6 of the 7 forms are signed by managers who are no longer employed with the city. (Finding #1)

A secondary prokee use log is being maintained by Public Works for only 5 of the 7 secondary prokees. The use log for these 5 prokees is being reconciled to the monthly secondary prokee fueling reports; however, the reconciliations are not being signed off and dated by the preparer and a manager. Also, explanations for unusual transactions could be better documented in conjunction with these reconciliations. (Finding #1)

Two of the secondary prokees are not being used and should be returned to Fleet Services if no longer needed. (Finding #1)

The monthly and quarterly fueling reports provided to Public Works are not being adequately reviewed for irregular transactions by Public Works management. Documented evidence of this review is needed. (Finding #2)

Further information on these issues is contained in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

Contributors to this report included:

Radford K. Snelding, CPA, CIA, CFE
City Auditor

Bryan L. Smith, CPA, CFE
Internal Audit Section Manager

James Burnett, CIA
Senior Internal Auditor

1. Use Log Not Being Maintained for all Secondary Prokees

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a "Secondary Prokee Request Form". The form allows the user to select all 3 fuel types for approval, plus define the daily limit of each type.

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports received from Fleet Services Division. Employees who are designated for assignment of a prokee

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are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Fueling operations of this type provide a potential for misuse and must be monitored and controlled. The reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.

Tracking logs and reconciliation documents are under the control of the user organizations, and it is recommended they be kept for a minimum of one year.

The secondary prokee request form signed by an employee and their manager includes the following rules agreed to by each employee requesting a secondary prokee:

- *User is responsible for tracking all fuel disbursements.*
- *Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.*

Condition

Considering secondary prokees are not assigned to a specific vehicle or piece of equipment, there is greater risk of fuel theft. Accordingly, Fleet Services requires departments to record secondary prokee usage on a use log and to reconcile the use logs to the monthly secondary prokee fueling system reports. See the suggested use log at Appendix B.

Public Works has a total of seven active secondary prokees that are found in two divisions including Transportation Engineering and Environmental. The following information was noted in our testing of the secondary prokee use logs and reconciliations in each of these divisions:

Transportation Engineering Division:

- The Transportation Engineering Division has five active secondary prokees that were used 42 times during fiscal year 2020.
- While a secondary prokee request form exists for each of the five secondary prokees, two of them are signed by employees who no longer work for the city and four are signed by a manager who no longer works for the city.
- Two of the five secondary prokees are not being used.
- Secondary Prokee use logs are being maintained by this division and they are being reconciled by the Business Specialist on a monthly basis. While there are various tick marks and notes on the secondary prokee fueling reports and use logs, there are not documented explanations for unusual transactions. The reconciliations are not signed and dated by the preparer or a manager who has reviewed and approved the reconciliations.

Environmental Division:

- The Environmental Division has two active secondary prokees that were used 23 times during fiscal year 2020.
- While a secondary prokee request form exists for each of the two secondary prokees, both of them are signed by an employee and a manager that no longer work for the city.

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- While we were shown secondary prokee use logs from a few years ago, use logs and reconciliations of the use logs to the monthly fueling reports for fiscal year 2020 had either not been maintained or could not be located due to recent staff turnover.

No department procedures addressing the use of secondary prokees, the maintenance of use logs, and the reconciliation of use logs to the secondary prokee fueling reports have been created.

Cause

- Public Works staff did not update their secondary prokee request forms to reflect current staffing and accountability for the secondary prokees.
- Fleet Services did not request that Public Works update their secondary prokee request forms at the time of staff turnover.
- Not all Public Works management were aware of the requirement to maintain a secondary prokee use log or to perform a reconciliation of the use log to the secondary prokee fueling reports.
- Lack of documented department procedures on the use of secondary prokees, the completion of use logs, and the reconciliation of the logs to the fueling reports.

Effect

- Fuel theft may occur without detection.
- Lack of formalized accountability for fuel disbursements by employees and managers without current secondary prokee request forms and documented department procedures.

Recommendations

- 1.1 Public Works management working with Fleet Services should update its secondary prokee request forms with signatures of the employees responsible for their secondary prokees and the managers responsible for oversight of these employees.
- 1.2 Public Works management should evaluate whether all of its secondary prokees are needed and return any that are no longer needed to Fleet Services.
- 1.3 Public Works management should document and implement department procedures requiring the use of secondary prokee use logs and the reconciliation of the logs to the monthly secondary prokee fueling reports for all secondary prokees. These procedures should require that:
 - Unrecorded transactions be researched and the reason for the omission be documented.
 - Secondary prokee fueling reports be reviewed for irregular transactions and that any such transactions be researched and an explanation for the transaction be documented.

- Reconciliations be signed and dated by the staff performing the reconciliation and a manager who has reviewed and approved the reconciliation.
- Use logs, fueling reports, and reconciliations be retained for a minimum of a year to comply with fueling policy.

2. Inadequate Documented Review of Fueling Reports

Criteria

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

Records generated by user divisions should be maintained for a minimum of 1 year.

Condition

The monthly and quarterly fueling reports provided to Public Works are not all being adequately reviewed by Public Works management. In addition, there is a lack of documented evidence of reviews such as signatures of reviewers, dates of reviews, the identification of irregular transactions, and the explanation for such transactions based on research and discussions with staff. There are no documented department procedures outlining how the review of the fueling reports is to be completed, documented, and by whom.

Cause

- Lack of established department procedures requiring the review of the fueling reports and the maintenance and retention of documented evidence of the review.

Effect

- Fuel theft may occur without detection.

Recommendation

- 2.1 Public Works management should document and implement department procedures requiring that the monthly and quarterly fueling reports be reviewed by division managers for irregular transactions and that this review be documented. Documented evidence of the review should include a copy of the fueling reports along with the reviewer's signature,

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the date of the review, and notes on research into irregular transactions. Reviewed documentation should be retained for a minimum of a year to comply with fueling policy.

Appendix A

SECONDARY PROKEE REQUEST FORM

I, _____, hereby request secondary prokee(s) to access to the CLV fuel system and agree to follow the process steps, and abide by the rules listed below. The process for dispensing fuel is as follows:

Prokee Transaction

- Drive up to appropriate fuel dispenser
 - Insert prokee into electronic reader
 - Remove and reinsert prokee as prompted
 - As prompted enter employee identification number
 - As prompted enter pump number desired
 - Remove respective nozzle and turn pump lever to initiate operation and squeeze nozzle handle to dispense fuel
 - Return pump lever and nozzle to original positions upon completion
 - Insert prokee into electronic reader to update daily data
- **CLV fueling locations and products are for official approved use only. Misuse may constitute theft in accordance with *NRS 205.0832*, and in accordance with the City Fraud Policy FSD will report any reasonable suspicion of theft or fraud to the Department of Detention and Enforcement City Marshals.**
 - No smoking is allowed in or around a fuel pump area.
 - No loitering is allowed in or around a fuel pump area.
 - A vehicle in a fuel pump area is to be turned off and attended to at all times.
 - During fueling activities the vehicle operator is to be in control of the fuel pump nozzle until it is returned to the dispenser cabinet.
 - Utilize approved transport containers only.
 - **User is responsible for tracking all fuel disbursements.**
 - **Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.**
 - Follow the process steps as provided above, and as prompted by the electronic reader. Failure to do so may result in automated lockout of fueling privileges. Restoration of lockout applications will be at the discretion of FSD.
 - Report the loss of any prokee immediately. Cost assessments will apply to prokee replacements.
 - The user is responsible for knowing and following all other applicable safety rules and precautions
 - **Use of the City fuel sites is a privilege and not a right of employment. Continued or blatant misuse of the system will result in temporary or permanent suspension of fueling privileges.**

Prokee Request No.	Unit No.	Max Gallons Gasoline	Max Gallons Diesel	Max Gallons Bio-Diesel
1				
2				
3				
4				
5				

Employee Printed Name

Employee Signature

Date

Manager Printed Name

Manager Signature

Date

MANAGEMENT RESPONSE

1. Use Log Not Being Maintained for all Secondary Prokees

- 1.1 Public Works management working with Fleet Services should update its secondary prokee request forms with signatures of the employees responsible for their secondary prokees and the managers responsible for oversight of these employees.

Management Action Plan:

Public Works will work with Fleet Services to update the Secondary Prokee Request Forms to include signatures of the employees responsible for the secondary prokees and the supervisor or manager.

Estimated Date of Completion: January 30, 2021

- 1.2 Public Works management should evaluate whether all of its secondary prokees are needed and return any that are no longer needed to Fleet Services.

Management Action Plan:

Public Works managers are reviewing the prokees assigned to their respective Divisions to determine which Prokees are still required and if they are assigned to the proper personnel. Upon completion of this review, Public Works management will work with the appropriate O&M staff to return or reassign Prokees as needed.

In addition, Public Works would like to work with O&M to explore city-wide options to improve tracking and control of assigned secondary prokees. Options to be considered may include copying assigned individual and their supervisors on usage reports to serve as a mechanism for O&M and PW to more readily recognize if an individual is no longer in the capacity that requires prokee assignment; incorporating return of the prokees into the HR employee separation process; or requiring assigned Manager or Supervisors to confirm prokee assignment on an annual or semi-annual basis.

Estimated Date of Completion: December 31, 2020

- 1.3 Public Works management should document and implement department procedures requiring the use of secondary prokee use logs and the reconciliation of the logs to the monthly secondary prokee fueling reports for all secondary prokees. These procedures should require that:
- Unrecorded transactions be researched and the reason for the omission be documented.

- Secondary prokee fueling reports be reviewed for irregular transactions and that any such transactions be researched and an explanation for the transaction be documented.
- Reconciliations be signed and dated by the staff performing the reconciliation and a manager who has reviewed and approved the reconciliation.
- Use logs, fueling reports, and reconciliations be retained for a minimum of a year to comply with fueling policy.

Management Action Plan:

Public Works has prepared a draft procedure for controlling and tracking the use of secondary prokees. Once complete and implemented, this procedure will: include uniform implementation of logs for tracking use of secondary prokees; establish a process for reviewing the logs against the monthly use reports, documenting the reviews, investigating inconsistencies; provide a course for corrective action; and establish a process to properly record and store documentation associated with the monthly secondary prokee reviews. To ensure uniformity, a similar review and archival process will be utilized for primary prokees.

Although Public Works will implement this procedure within the Department, having the ability to refer to a city-wide policy which provides use, verification, and retention guidelines would be preferred. This is especially important as Staff are required to sign the fuel usage agreement which references two procedures that are not readily available to all staff members.

Estimated Date of Completion: January 30, 2021

2. Inadequate Documented Review of Fueling Reports

- 2.1 Public Works management should document and implement department procedures requiring that the monthly and quarterly fueling reports be reviewed by division managers for irregular transactions and that this review be documented. Documented evidence of the review should include a copy of the fueling reports along with the reviewer's signature, the date of the review, and notes on research into irregular transactions. Reviewed documentation should be retained for a minimum of a year to comply with fueling policy.

Management Action Plan:

Based on information received during the audit process, each division within Public Works has already implemented a more enhanced review process. However, Public Works is preparing a Department-wide procedure to establish uniformity for conducting reviews, investigations, corrective actions, and preparing documentation of prokee usage by Public Works staff. Once the plan is completed, applicable staff will be trained on the process and the process will be implemented.

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Although Public Works will implement this procedure within the Department, having the ability to refer to a city-wide policy which provides review, documentation, and retention guidelines would be preferred.

Estimated Date of Completion: March 31, 2021



Background

Fire & Rescue - Fiscal Year 2020:

Primary Prokees:

12,574 transactions, 201,829 gallons

45 Secondary Prokees:

104 transactions, 400 gallons



Findings

- 42 of the 45 secondary prokees were used five or fewer times during FY20.
- 14 of the 45 secondary prokees were not used at all during FY20.
- Only 5 secondary prokee request forms are on file with one signed by an employee and manager who are no longer with Fire & Rescue.
- No secondary prokee use logs are being maintained and reconciled by Fire & Rescue.
- Fire & Rescue management is not reviewing the monthly and quarterly fueling reports.



Recommendations

Fire & Rescue Management should:

- 1.1 Evaluate whether all of its secondary prokees are still needed.
- 1.2 Work with Fleet Services to complete secondary prokee request forms for each of its secondary prokees and update outdated forms.
- 1.3 Document and implement department procedures requiring that:
 - Use logs be maintained for all secondary prokees.
 - Reconciliation of logs to fueling reports be completed and documented.
 - Secondary prokee fueling reports be reviewed for irregular transactions.
- 1.4 Document and implement department procedures requiring that:
 - Use logs and reconciliations be signed and dated by preparer.
 - Reconciliations be reviewed and signed and dated by a manager.
- 2.1 Document and implement department procedures requiring that the:
 - Monthly and quarterly fueling reports be reviewed for irregular transactions
 - Review be documented including the identification of any irregular transactions, explanations for the transactions, and signature of the reviewer and date of the review.
 - Documentation be retained for a minimum of a year.



Questions

CITY AUDITOR'S OFFICE



AUDIT OF FIRE & RESCUE DEPARTMENT FUELING TRANSACTIONS OVERSIGHT

Report CW015-2021-10

March 25, 2021

**RADFORD K. SNELDING, CPA, CIA, CFE
CITY AUDITOR**

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**AUDIT OF FIRE & RESCUE DEPARTMENT
FUELING TRANSACTIONS OVERSIGHT
Report CW015-2021-10**

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations and Maintenance Department (Operations and Maintenance) administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

The Fire & Rescue Department (Fire) staff utilize city fuel sites for fueling department vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a secondary prokee request form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

During fiscal year 2020, Fire had 12,574 primary prokee transactions totaling 201,829 gallons and 104 secondary prokee transactions totaling 400 gallons.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to Fire.
- To determine whether Fire is maintaining a secondary prokee use log and reconciling the log to the monthly secondary prokee fueling reports.
- To determine whether Fire management is reviewing the primary and secondary prokee fueling reports for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling policy.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports in fiscal year 2020. The last date of fieldwork was February 1, 2021.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

Only five secondary prokee request forms are on file for Fire's 45 secondary prokees. Secondary prokee use logs are not being maintained for these secondary prokees and therefore, no use log reconciliations are being performed. (See Finding #1)

Fire management is not reviewing the monthly and quarterly fueling reports provided by Fleet Services for irregular transactions. (See Finding #2)

Further information on these issues is contained in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

Contributors to this report included:

Radford K. Snelding, CPA, CIA, CFE
City Auditor

Bryan L. Smith, CPA, CFE
Internal Audit Section Manager

James Burnett, CIA
Senior Internal Auditor

1. Lack of Secondary Prokee Forms, Use Logs, and Reconciliations

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a “Secondary Prokee Request Form”. The form allows the user to select all 3 fuel types for approval, plus define the daily limit of each type.

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports received from Fleet Services Division. Employees who are designated for assignment of a prokee are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Fueling operations of this type provide a potential for misuse and must be monitored and controlled. The reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.

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Tracking logs and reconciliation documents are under the control of the user organizations, and it is recommended they be kept for a minimum of one year.

The secondary prokee request form signed by an employee and their manager includes the following rules agreed to by each employee requesting a secondary prokee:

- *User is responsible for tracking all fuel disbursements.*
- *Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.*

Condition

Considering secondary prokees are not assigned to a specific vehicle or piece of equipment, there is greater risk of fuel theft. Accordingly, a secondary prokee request form is required to be signed by an employee and manager for each secondary prokee and departments are required to record secondary prokee usage on a use log and to reconcile the use log to the monthly secondary prokee fueling system reports. See the suggested use log at Appendix B.

Fire has 45 active secondary prokees that were used 104 times during fiscal year 2020. 42 of these secondary prokees were used five or fewer times during fiscal year 2020. Fourteen of these secondary prokees were not used at all during fiscal year 2020.

Only five secondary prokee request forms are on file for these secondary prokees and one of these forms is signed by an employee and manager who are no longer employed with Fire.

No secondary prokee use logs are being maintained by Fire for their secondary prokees and therefore, no reconciliations of use logs to the secondary prokee fueling reports are being performed.

Cause

- Secondary prokee request forms were not appropriately completed or updated for each of Fire's secondary prokees.
- Lack of documented procedures on the maintenance and reconciliation of secondary prokee request logs.

Effect

- Lack of accountability of staff and management without properly signed secondary prokee request forms.
- Fuel theft may occur without detection without the maintenance and reconciliation of secondary prokee use logs.

Recommendations

- 1.1 Fire management should evaluate whether all of its secondary prokees are needed and return any that are no longer needed to Fleet Services to be deactivated.
- 1.2 Fire management working with Fleet Services should complete secondary prokee request forms for each of its secondary prokees and update outdated forms.
- 1.3 Fire management should document and implement procedures for maintaining secondary prokee use logs and reconciling the use logs to the monthly secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.
- 1.4 Fire management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

2. Fueling Reports Not Being Reviewed

Criteria

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

Records generated by user divisions should be maintained for a minimum of 1 year.

Condition

Fire management is not reviewing the monthly and quarterly fueling reports provided by Fleet Services for irregular transactions. This review should be documented including the identification of irregular transactions on the fueling reports, notes on research into these transactions, and reviewer signatures and dates of review on the reports.

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Cause

- Lack of documented procedures on how to properly complete and document the review of the fueling reports and the required retention of this documentation.

Effect

- Fuel theft may occur without detection.

Recommendation

- 2.1 Fire management should document and implement procedures for reviewing the monthly and quarterly fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

Appendix A

SECONDARY PROKEE REQUEST FORM

I, _____, hereby request secondary prokee(s) to access to the CLV fuel system and agree to follow the process steps, and abide by the rules listed below. The process for dispensing fuel is as follows:

Prokee Transaction

- Drive up to appropriate fuel dispenser
 - Insert prokee into electronic reader
 - Remove and reinsert prokee as prompted
 - As prompted enter employee identification number
 - As prompted enter pump number desired
 - Remove respective nozzle and turn pump lever to initiate operation and squeeze nozzle handle to dispense fuel
 - Return pump lever and nozzle to original positions upon completion
 - Insert prokee into electronic reader to update daily data
- **CLV fueling locations and products are for official approved use only. Misuse may constitute theft in accordance with *NRS 205.0832*, and in accordance with the City Fraud Policy FSD will report any reasonable suspicion of theft or fraud to the Department of Detention and Enforcement City Marshals.**
 - No smoking is allowed in or around a fuel pump area.
 - No loitering is allowed in or around a fuel pump area.
 - A vehicle in a fuel pump area is to be turned off and attended to at all times.
 - During fueling activities the vehicle operator is to be in control of the fuel pump nozzle until it is returned to the dispenser cabinet.
 - Utilize approved transport containers only.
 - **User is responsible for tracking all fuel disbursements.**
 - **Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.**
 - Follow the process steps as provided above, and as prompted by the electronic reader. Failure to do so may result in automated lockout of fueling privileges. Restoration of lockout applications will be at the discretion of FSD.
 - Report the loss of any prokee immediately. Cost assessments will apply to prokee replacements.
 - The user is responsible for knowing and following all other applicable safety rules and precautions
 - **Use of the City fuel sites is a privilege and not a right of employment. Continued or blatant misuse of the system will result in temporary or permanent suspension of fueling privileges.**

Prokee Request No.	Unit No.	Max Gallons Gasoline	Max Gallons Diesel	Max Gallons Bio-Diesel
1				
2				
3				
4				
5				

Employee Printed Name

Employee Signature

Date

Manager Printed Name

Manager Signature

Date

MANAGEMENT RESPONSE

1. Lack of Secondary Prokee Forms, Use Logs, and Reconciliations

- 1.1 Fire management should evaluate whether all of its secondary prokees are needed and return any that are no longer needed to Fleet Services to be deactivated.

Management Action Plan: Las Vegas Fire and Rescue has 45 Secondary Prokees but they are not all needed. The current model has Prokees assigned to apparatus, the recommended change is to assign Prokees to Fire Stations or Facilities where appropriate. i.e. Instead of Truck 43 and Engine 43 both having their own Prokee, one Prokee will be assigned to Station 43 to be used by both T43 and E43.

Estimated Date of Completion: June 30, 2021

- 1.2 Fire management working with Fleet Services should complete secondary prokee request forms for each of its secondary prokees and update outdated forms.

Management Action Plan: All of the Prokees assigned to Suppression Units will systematically be collected Station by Station and turned into Fleet. When the Prokees for a Station are turned into Fleet, a request form will be submitted to have just one Prokee assigned to that station. This process will decrease the quantity of Prokees assigned and ensure that all Suppression Prokees have a corresponding request form turned into City Fleet.

Estimated Date of Completion: June 30, 2021

- 1.3 Fire management should document and implement procedures for maintaining secondary prokee use logs and reconciling the use logs to the monthly secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.

Management Action Plan: Procedures for maintaining secondary Prokee use logs and reconciling the use logs to the monthly secondary Prokee fueling reports have been documented and are in the process of being implemented.

Estimated Date of Completion: June 30, 2021

- 1.4 Fire management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in

accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

Management Action Plan: Procedures requiring that the secondary Prokee reconciliation and documentation be reviewed by a manager and retained for a minimum of a year have been documented and are in process of being implemented.

Estimated Date of Completion: June 30, 2021

2. Fueling Reports Not Being Reviewed

2.1 Fire management should document and implement procedures for reviewing the monthly and quarterly fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

Management Action Plan: The procedures for reviewing the monthly fuel reports for irregular transactions will document and implement procedures for reviewing the monthly and quarterly fueling reports for irregular transactions. The workflow of the review process for both monthly and quarterly fuel reports is included in the LVFR Fuel Oversight Plan, but two documents still need to be developed:

1. A standardized template to be used to investigate irregular transactions found on Monthly and Quarterly Fuel reports that warrant an investigation.
2. A standardized template to be used for the documentation of the Quarterly Fuel Report review to validate that all irregular transactions are reviewed, approved and investigated if needed.

Estimated Date of Completion: June 30, 2021



City Auditor's Office Follow-up Process

- Management provides:
 - **Management Action Plan**
 - **Estimated Date of Completion**
- Initially classified as **NOT DUE**
- Changes to **INCOMPLETE** once **Estimated Date of Completion** passes
- Changes to **COMPLETE** once auditor verifies recommendation was addressed



Incomplete Audit Recommendations



INCOMPLETE AUDIT RECOMMENDATIONS

CITY MANAGER'S OFFICE

Citywide Audit of Management Controls Over Insurance Certificates (CW014-2021-01)

The City Manager's Office should:

- 1.1 Develop and implement a citywide process for the oversight of the receipt, review, monitoring, and retention of insurance certificates by city departments. (10/1/20)
- 1.2 Develop, document, and implement citywide policies and procedures. (12/31/20)
- 2.1 Work with department management to develop/update, document, and implement department policies and procedures to provide direction to staff on their responsibilities for the receipt, review, monitoring, and retention of insurance certificates and how to appropriately track the insurance certificate information. (12/31/20)
- 3.2 The City Manager's Office should develop, document, and implement a training program on the review and monitoring of insurance certificates. (3/31/21)



INCOMPLETE AUDIT RECOMMENDATIONS

CITY MANAGER'S OFFICE

Citywide Audit of Management Controls Over Insurance Certificates (CW014-2021-01)

The City Manager's Office should:

- 4.1 Direct management of the departments receiving insurance certificates to develop and implement written policy/procedures to address the tracking and monitoring of insurance certificate information. (12/31/20)
- 4.2 Evaluate whether additional departments would benefit from the utilization of the tracking service. (12/31/20)
- 5.1 Direct department management to update guidelines provided to applicants for licenses and permits to require that insurance certificates be properly addressed and referenced and include all the requirements. (12/31/20)
- 5.2 Work with the City Attorney's Office to update written guidelines for city agreements/contracts with insurance provisions to include language requiring that the associated department name and descriptions of the project or event be clearly referenced on the insurance certificate. (12/31/20)



INCOMPLETE AUDIT RECOMMENDATIONS

INFORMATION TECHNOLOGIES

Audit of Computer Hardware Inventory (IT003-1920-03)

- 3.1 IT Management should document and implement controls and procedures to ensure a periodic inventory count of city-wide inventory items is regularly conducted to ensure the accuracy of the IT inventory listing. (2/28/20)

- 3.2 IT Management should document and implement controls and procedures to ensure movement of all IT inventory items from out of the IT inventory room is communicated to the Materials Management Technician and their new locations are updated in the IT inventory listing. (2/28/20)



INCOMPLETE AUDIT RECOMMENDATIONS

INFORMATION TECHNOLOGIES

Audit of Computer Hardware Inventory (IT003-1920-03)

- 4.1 IT Management should document and implement controls and procedures to ensure all IT inventory items are accurately tracked. A process should be implemented that would require notifying the IT Materials Management Technician when items are removed from the IT inventory room for deployment and identification of the item's new location. (2/28/20)

- 4.2 IT Management should document and implement procedures requiring a reconciliation between the IT inventory located in the IT inventory room and the items in the IT inventory listing in conjunction with the annual physical inventory count. (10/31/19)



INCOMPLETE AUDIT RECOMMENDATIONS

Human Resources

Audit of Welltrac Contract Compliance (HR005-2021-02)

- 1.2 Human Resources management should develop, document and implement procedures to verify a sample of invoices received. (12/31/20)

- 5.1 Human Resources management should develop, document, and implement procedures to ensure that all invoices are entered accurately and completely into Oracle. Human Resources management should also implement procedures to periodically verify the accuracy of the information being entered into Oracle by their staff. (12/31/20)



INCOMPLETE AUDIT RECOMMENDATIONS

Community Services

Audit of Fueling Transactions Oversight (CW015-2021-05)

- 1.1 Community Services management should document and implement department procedures requiring the use of a secondary prokee use log and the reconciliation of the use log to the monthly secondary prokee fueling reports. These procedures should require that any identified differences be researched and their resolution documented. The reconciliations should be signed and dated by the preparer and a manager who has reviewed and approved the reconciliations. The procedures should also require that use logs, fueling reports, and reconciliations be retained for a minimum of a year to comply with fueling policy. (“Completed”)

- 2.1 Community Services management should document and implement department procedures requiring that the review of monthly and quarterly fueling reports by a manager be documented. Documented evidence of the review should include a copy of the fueling reports along with notes on the reviewer’s research into irregular transactions, the reviewer’s signature, and the date of the review. Review documentation should be retained for a minimum of a year to comply with fueling policy. (“Completed”)



Current Audits

- Operations & Maintenance -
Fueling Transactions Oversight:
 - Facilities
 - Streets and Sanitation
 - Fleet and Fuel Services
 - Fueling Program Administration
- Information Technologies -
Change Control Procedures
- Finance – Accounting Operations
Petty Cash Funds