



Audit Oversight Committee Minutes

1. Call to Order and Roll Call

Minutes:

CHAIR SEAMAN called the meeting to order at 10:02 a.m.

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

EXCUSED: MEMBER FIORE

ALSO PRESENT: GARY AMELING, Chief Financial Officer; RADFORD SNELDING, City Auditor; BRYAN SMITH, Internal Audit Section Manager; JOHN CURTAS, Deputy City Attorney IV; LUANN D. HOLMES, City Clerk; and ASHLEY FOSTER, Deputy 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 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; and The Nevada Public Notice website – 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 April 11, 2022

Motion made by Eric Preiss to Approve

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

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

5. Discussion for possible action regarding Audit of Parks and Recreation Department – Gift Card Controls and Policy Compliance (PR015-2122-04)

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 conducting audits in compliance with the City's gift card policy, which requires City departments to obtain approval from management and the Department of Finance for gift card purchases. Once approval has been given, gift cards must only be purchased by a purchase card holder using a City P-card (purchasing card) and must be recorded on a log and

secured. The log must be updated with information when the gift card is distributed. Management must complete regular inspections and audits of their department's gift cards and logs to verify their department is in compliance with the gift card policy.

MR. SMITH stated that the Department of Parks and Recreation purchased gift cards for use at community events and for employee awards. The Department purchased 120 gift cards totaling \$2,664 in the two fiscal years ending in June of 2021. The period subject to this audit was during the leadership of the prior Parks and Recreation Director, who resigned from the City in October of 2021. STEVE FORD, Director of Parks and Recreation, is the current Director and assumed this position in April of 2022. The objectives of this audit were to verify compliance with the policy and determine whether the internal controls were adequately designed and operating effectively to mitigate the risk of gift card fraud.

Finding #1 – Staff found that gift cards were not always properly approved before purchase, the number of gift cards purchased was sometimes greater than the number approved, and instances were found where gift cards were used for a purpose different than what was approved. It was recommended that additional training be provided to employees and management periodically verify compliance with the gift card approval procedures.

Finding #2 – Staff found a gift card log was not always used as required by policy, and 48 percent of the gift cards purchased were never recorded on a log. When a log was used, staff found that gift cards were typically only recorded upon distribution and were missing employee and distributor names and signatures when required. It was recommended that Parks and Recreation management provide additional training to employees on the completion of the logs and to periodically verify compliance with the policy.

Finding #3 – MR. SMITH indicated that gift cards given to employees are considered taxable income to those employees. It is required for City departments to scan and e-mail copies of the logs that include entries of an employee receiving a gift card to the Payroll Division by the end of each pay period, so the amount can be included in the employee's income. The Payroll Division informed Audit staff that they have not received any logs from the Department during the two fiscal years ending June 30, 2021, despite there being records of gift cards being given to employees during that time period. In addition, non-employees who receive more than \$600 in gift cards in a calendar year must be issued an IRS 1099 form. While staff believed it was unlikely this would even happen in the Department of Parks and Recreation, the Department does not have a procedure in place to track the amounts of these types of gift cards. It was recommended that procedures be documented and implemented requiring logs with gift cards to employees to be scanned and e-mailed to the Payroll Division in accordance with policy and to track the number of gift cards given to non-employees.

Finding #4 – Lastly, staff found that the Department Director and/or division managers do not regularly inspect and audit the gift card logs and inventory of unissued gift cards as required by policy. It was recommended that Parks and Recreation management regularly perform independent inspections and audits of the unissued gift cards and logs in accordance with policy.

He indicated that responses from management and their estimated dates of completion to the audit recommendations could be found at the back of the report.

MR. FORD confirmed he recently became the Director, went through this audit with staff, and has a plan going forward. There is training set up as part of the recommendations, and he believed they would be in compliance going forward.

Motion made by Eric Preiss to Accept

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

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

6. 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 staff is currently finalizing their gift card audits for several of the Office of Community Services and the Department of Youth Development and Social Innovation's divisions. Staff has

made note of deficiencies and improvements that are needed in the City's current gift card policy while completing these audits, and will report on their recommendations in a separate report to the Department of Finance. They are also involved in the audit of the payment collection site at Floyd Lamb Park.

MEMBER THRONEBERRY wondered if Audit staff has referred any employees to HR (Department of Human Resources) or their leadership for the misuse of City funds. MR. SMITH said they have not made any formal referrals to HR but have a plan to have additional discussions with some City staff who were not accounting appropriately for the gift cards.

7. **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.

8. **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.

9. **Adjournment**

Minutes:
CHAIR SEAMAN announced that the next Audit Oversight Committee meeting is scheduled for October 10, 2022.

The meeting was adjourned at 10:14 a.m.

Respectfully submitted:

Ashley Foster, CMC, Deputy City Clerk

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
The Nevada Public Notice website – notice.nv.gov
City Hall, 495 South Main Street, 1st Floor