



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 THRONEBERRY, PREISS, FIORE (via teleconference and excused at 10:39 a.m.), and GAUGHAN

ALSO PRESENT: GARY AMELING, Chief Financial Officer, RADFORD SNELDING, City Auditor, BRYAN SMITH, Internal Audit Section Manager, GARY PHILLIPS, Sr. Internal Auditor, LOUIE HLAD, Sr. IT Auditor, BRYAN SCOTT, City Attorney, 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: City Hall, 495 South Main Street, 1st Floor; Clark County Government Center, 500 South Grand Central Parkway; Grant Sawyer Building, 555 East Washington Avenue; Howard Lieburn Senior Center, 6230 Garwood Avenue.

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 12, 2021

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 Audits of Operations & Maintenance Divisions - Fueling Transactions Oversight for Facilities (CW015-2021-11), Streets & Sanitation (CW015-2021-12), and Fleet & Fuel Services (CW015-2021-13) and (CW015-2021-14)

Minutes:

As a PowerPoint presentation was shown, a copy of which was attached as backup, GARY PHILLIPS, Sr. Internal Auditor, and BRYAN SMITH, Internal Audit Section Manager, provided a briefing on the fueling transactions oversight audits in the Facilities, Streets and Sanitation, and Fleet and Fuel Services Divisions of the Department of Operations and Maintenance.

He reminded the Members that City employees have access to City fuel pumps through primary and secondary ProKeys. A primary ProKey is affiliated with a specific vehicle while a secondary ProKey is not and is used to

fill gas cans or small pieces of equipment. In order to obtain a secondary ProKee, request forms must be submitted to and approved by Fleet and Fuel Services Division, and use logs must be maintained and reconciled by departments. Monthly and quarterly fueling reports are provide to the departments for review of irregular transactions.

MR. PHILLIPS reviewed the audit objectives, which were the same as the previous fueling audits. He displayed graphs of the number of primary and secondary ProKee transactions and gallons used during Fiscal Year 2020 in the Facilities, Streets and Sanitation, and Fleet and Fuel Services Divisions. Additionally, he shared the results of the audit, noting staff found outdated signatures on secondary ProKee request forms, use logs were not maintained, reconciliation of the use logs to fueling reports was not completed, there was incomplete reconciliation documentation, secondary ProKee reports were not reviewed, and there was incomplete review documentation. In addition, one of the Divisions was not reviewing their quarterly primary ProKee fueling report for irregularities; and documented evidence of these reviews was inadequate in all three Divisions. Staff recommended updating outdated secondary ProKee request forms, evaluation of whether secondary ProKees are needed, and documentation and implementation of department procedures regarding use logs and monthly and quarterly fueling reports.

MR. SMITH provided a review of staff's findings and audit recommendations.

Finding #1 – There is a need for improved communication by the Fleet and Fuel Services Division with regard to fueling policies and procedures with City departments. Staff recommended the Division create citywide fueling policies and procedures, which staff will periodically remind City departments of as well as ensure their compliance.

Finding #2 – Certain deficiencies were also found within fueling reports. Staff recommended that the Fleet and Fuel Services Division evaluate these deficiencies and determine what improvements can be made to the fueling reports to make them more useful for City departments. Additionally, staff recommended that procedures be implemented to ensure data being included is accurate and complete.

Finding #3 – Staff noted improvements were needed in the management of the secondary ProKees by Fleet and Fuel Services Division. Staff recommended documentation and implementation of procedures to keep secondary ProKee request forms and fueling records current. Staff also recommended the Division review its records to ensure a current secondary ProKee request form exists for every secondary ProKee and identify secondary ProKees with infrequent use.

JERRY WALKER, Director of Operations and Maintenance, was present and understood the audit recommendations. He noted there was no product loss but affirmed there were procedural errors. MR. WALKER confirmed documentation would be updated.

Motion made by Joseph Throneberry 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;

6. Discussion for possible action regarding Audit of Department of Information Technologies – Change Control Procedures (IT005-2021-15)

Minutes:

As a PowerPoint presentation was shown, a copy of which was attached as backup, LOUIE HLAD, Sr. IT Auditor, stated that the City Auditor's Office has completed a review of the Department of Information Technologies' (IT) Change Control procedures. Change Control is a standard IT practice to ensure that any update to the City of Las Vegas' hardware or software systems is appropriately tested and approved before it is implemented in the live production environment.

The Change Advisory Board (CAB) is made up of IT personnel and meets weekly to review proposed change requests. The CAB holds the final authorization before an accepted change is scheduled and deployed. While several levels of testing and authorization precede this final control measure, staff's audit was focused on the functioning of this board and the related change control meetings.

MR. HLAD reviewed the goals to determine whether proposed changes were authorized by appropriate levels of management, were tested thoroughly in a test environment prior to final authorization, were recorded in detail in the City's change control application (CLV Service), and were communicated to relevant departments.

Finding #1 – Documented evidence of pre-production testing was unavailable within the CLV Service application for each of the 137 approved change requests in Quarter 1 of 2020. Details of test plans or testing procedures were missing from the majority of the change requests and were not typically discussed during the change meetings. Staff recommended that IT management require all proposed changes to hardware/software include documented test results in a non-production test environment, based upon a testing plan that has been previously approved and documented. In addition, IT management should update its policies and procedures to explicitly require the documentation and review of testing procedures and results before the approval to move forward is granted by the CAB.

Finding #2 – Staff observed that there is no formal roster of CAB members, and that the procedures for voting were not clearly defined. The Board has been observed to operate at times with a rotating representation based on day-to-day availability in IT, and the voting actions of the CAB members were not adequately recorded. Staff recommended that IT management create and publish a roster of the current membership of the CAB that clearly identifies voting parties, ensure that approval activities during change control meetings acknowledge the formal voting actions of CAB members, and update its policies and procedures to include details on the required size and personnel makeup of the CAB.

Finding #3 – Staff observed that not all City departments were aware of change control decisions that may impact them, or of when changes that impact them were being considered. While IT did maintain a calendar of upcoming changes, this calendar was accessible almost exclusively to IT personnel. Meeting agendas and minutes were not distributed widely throughout the organization. Staff recommended that IT management maintain a calendar of planned changes that is accessible by all City departments. Representatives from each department should be notified of any upcoming change control decisions that may impact their operations and should have access to meeting minutes that document change control decisions & discussions. Additionally, IT management should update its policies and procedures to include requirements for communication to City departments about upcoming system changes.

Finding #4 – While conducting this audit, staff noted that the policy and procedure documents that govern the City's Change Control process are out of date. A list of expired Change Control policy and procedures documents was displayed and is included in the PowerPoint. Staff recommended that these documents be refreshed to reflect the current practices and expectations and communicated to staff.

He noted that in many cases, the issues noted in the audit were already under review by IT and are in the process of being fixed.

MICHAEL SHERWOOD, Chief Innovation Officer/Director of IT, was present to answer questions.

COUNCILWOMAN FIORE appreciated the update.

MEMBER THRONBERRY asked MR. SHERWOOD to speak to the audit recommendations and time of completion. MR. SHERWOOD indicated the Department has been working closely with the City Auditor's Office and will meet and/or exceed the dates listed in the attached report. MEMBER THRONBERRY believed this audit was high level in terms of an IT process audit and recommended 100 percent completion by the October meeting. MR. HLAD said IT has addressed many of the audit recommendations and thought most will be completed by the next meeting. MR. SHERWOOD anticipated having the Change Control procedures ready for review by August or September, and MR. HLAD confirmed that staff will work with the Department to make this happen.

MEMBER PREISS wondered if there is a procedure for system changes that are not planned but need to be implemented. MR. HLAD confirmed that if a change comes up and is an emergency, that change can gain approval by the CAB and is acknowledged and approved at the subsequent meeting.

Motion made by Joseph Throneberry to Accept the report

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 regarding the City of Las Vegas' cybersecurity threat controls

Minutes:

CITY AUDITOR RADFORD SNELDING reminded the Members that MEMBER THRONEBERRY requested the City Auditor's Office conduct a preliminary study to provide a framework for a future cybersecurity audit. MR. SNELDING has spoken to MEMBER THRONEBERRY and MICHAEL SHERWOOD, Chief Innovation Officer/Director of Information Technologies (IT), who informed MR. SNELDING the Department has taken steps to conduct a cybersecurity and vulnerabilities assessment. MR. SNELDING recommended MR. SHERWOOD schedule individual briefings with the Members of the Audit Oversight Committee to inform them of the efforts by the Department of IT to evaluate threats and allow for questions. If the Committee wished to move forward with action, the Chair could call a special meeting to provide direction to staff.

MEMBER THRONEBERRY wished for the Members to have access to the self audits and shared his thoughts regarding a third-party assessment being conducted. CITY ATTORNEY BRYAN SCOTT advised that the Committee must be careful with what is shared in a public setting as it could expose weaknesses. CHAIR SEAMAN wished to meet with MR. SCOTT regarding this matter.

MR. SHERWOOD said internal assessments as well as penetration (pen) testing are conducted twice a year, noting currently, the City is scheduled to have a pen test completed with the Herjavec Group. There are a variety of different tests beyond this one; however, this test is conducted to ensure there is an adequate barrier between the outside and the City of Las Vegas network. This test is also required by cybersecurity insurance providers. In the following years, staff will consider adding a third test into the City's portfolio that will be from an internal and external perspective. MR. SHERWOOD stated that he would work with the City Auditor's and City Attorney's Offices on how these results can be shared with the Audit Oversight Committee.

MEMBER THRONEBERRY said he shared key components with MR. SNELDING with regard to the Herjavec Group as well as pen testing.

8. Report by staff regarding current audits

Minutes:

BRYAN SMITH, Internal Audit Section Manager, stated that the City Auditor's Office is involved in the audits listed on the PowerPoint slide attached as backup. There are also other audits in the planning stages that have not yet been formally announced. In addition to these audits, the Office is also involved in verifying the completion of previously issued audit recommendations.

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:

MEMBER THRONEBERRY requested a future agenda item regarding an audit of City funds provided to Las Vegas Metropolitan Police Department (LVMPD) to ensure there is no duplication of public safety services. CITY AUDITOR RADFORD SNELDING offered for staff to provide a report at the next meeting.

CITY ATTORNEY BRYAN SCOTT asked if this report would require LVMPD to be present. MR. SNELDING thought it might be premature to invite them to speak; however, he wished to work with the City Attorney's Office regarding legal restrictions with respect to LVMPD's records.

MEMBER FIORE mentioned the Fiscal Affairs Committee and wished to ensure the Audit Oversight Committee was not duplicating another committee's responsibility.

MEMBER PREISS asked if MR. SNELDING had a procedure in which he is copied on the Clark County Internal Audit reports regarding LVMPD. MR. SNELDING replied that he would look into the matter and provide it in the report.

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

Respectfully submitted:

Ashley Foster, Deputy City Clerk

LuAnn D. Holmes, MMC, City Clerk

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

City Hall, 495 South Main Street, 1st Floor
Clark County Government Center, 500 South Grand Central Parkway
Grant Sawyer Building, 555 East Washington Avenue
Howard Lieburn Senior Center, 6230 Garwood Avenue