



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.

1. **Call to Order**
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 30, 2020
5. Discussion for possible action on Citywide Audit of Management Controls Over Insurance Certificates (CW014-2021-01)
6. Report by staff and discussion for possible action regarding an update on the Audit Recommendations with a Status of Incomplete
7. Report by staff on current audits
8. **Discussion regarding topics for future agenda items.** Comments made during this portion of the agenda by individual members shall refer solely to proposals for future agenda items and any discussion shall be limited to whether or not such proposed items are within the purview of the Committee and/or whether such proposed items shall be placed on a future agenda. No discussion regarding the substance of any such proposed topic shall occur and no action shall be taken.
9. **Citizens Participation:** Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.
10. **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



Agenda Item #5

Discussion for possible action on Citywide Audit of Management Controls Over Insurance Certificates (CW014-2021-01)



Background

- 18 City Departments/Offices overseen by the City Manager's Office (during audit)
- Certificates of Liability Insurance (insurance certificates) are required from the public as evidence of insurance coverage for various licenses, permits, and contracts.



Background

ACORD **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: CONTACT NAME, PHONE (A/C, H/O, EXT), FAX, EMAIL, ADDRESS, INSURER(S) AFFORDING COVERAGE, NAIC #

INSURED: INSURER A, INSURER B, INSURER C, INSURER D, INSURER E, INSURER F

COVERAGES: CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY SAID CLAIMS.

LINE	TYPE OF INSURANCE	ADOL	INSUR	POLICY PERIOD	POLICY EFF	POLICY EXP	LIMITS
		INSR	GRG	START	MM/DD/YYYY	MM/DD/YYYY	
1	GENERAL LIABILITY						EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY						DATE TO RENEW \$
	CLAIMS-MADE						PREMIUMS (Per occurrence) \$
	OC						UMB EXP (Any one person) \$
2	GENERAL AGGREGATE LIMIT APPLIES PER						PERSONAL & ADV INJURY \$
	POLICY						GENERAL AGGREGATE \$
	PROD						PRODUCTS - COMPOUND AGG \$
	LOC						\$
3	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT \$
	ANY AUTO						PER ACCIDENT \$
	ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	HIREN AUTOS						BODILY INJURY (Per accident) \$
4	UMBRELLA LIAB						PROPERTY DAMAGE (Per accident) \$
	EXCESS LIAB						\$
	OC						EACH OCCURRENCE \$
	CLAIMS-MADE						AGGREGATE \$
5	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						\$
	ANY EMPLOYER'S LIABILITY						NO STATE TOY LIMITS \$
	OFFICER/EMERGENCY EXCLUDED						OTC \$
	DESCRIPTION OF OPERATIONS below						EL EACH ACCIDENT \$
6							EL DISEASE - EA EMPLOYEE \$
							EL DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Also see ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER: CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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POLICY NUMBER: COMMERCIAL GENERAL LIABILITY CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Example	

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

- Your acts or omissions; or
- The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.



Background (continued)

- Purchasing Division monitors insurance coverage for contracts they execute using an insurance tracking service.
- 10 of 18 departments have transactions requiring insurance certificates but do not utilize an insurance tracking service.
- Staff reported more than 2,400 different contracts, agreements, licenses, and permits that require insurance certificates.



Background (continued)

	Departments/Offices	Transaction Types
1	Building & Safety	Encroachment License Agreements
2	Cultural Affairs	Artist Contracts, Special Events, and Facility Use Agreements
3	Economic & Urban Development	Development Agreements/Contracts
4	Finance	Franchise, Wireless, and Other Right-of-Way Agreements
5	Fire & Rescue	Temporary Activity/Event Permits
6	Operations & Maintenance	Cell Tower, Real Estate, and Encroachment Agreements
7	Parks & Recreation	Parks, Sports Fields, Pools, and Facility Rentals
8	Planning	Privileged Business Licenses
9	Public Safety	Dangerous Animal Permits
10	Public Works	Film, Valet Parking, and News Rack Permits



Objectives

Evaluate the adequacy of management controls over the review and monitoring of insurance certificates not being monitored by the tracking service, including:

- **Oversight** of insurance certificate review by city management
- **Policies and procedures** addressing the review and monitoring of insurance certificates
- **Training** of department staff on the review and monitoring of insurance certificates
- **Tracking methods** being used for insurance certificates
- Written insurance requirement **guidelines** being provided to the public
- **Retention** of insurance certificates



Finding #1 – No Citywide Oversight of Insurance Certificate Monitoring

- No formal citywide process exists to monitor department receipt, review, and monitoring of insurance certificates.
- No city staff have specifically been tasked to provide citywide oversight of the monitoring of insurance certificates received by departments.
- No documented citywide policy/procedures exist giving direction to departments on their roles and responsibilities for the receipt, review, monitoring, and retention of insurance certificates, including endorsement documents.



Finding #2 – Inadequate Department Procedures Over Insurance Certificates

- Departments either have incomplete or lack written procedures to address the department processes for the receipt, review, monitoring and retention of insurance certificates.
 - 8 of the 10 do not have written department procedures for insurance compliance.
 - 2 of the 10 have incomplete written department procedures for insurance compliance.



Finding #3 – No Training Program for Review of Insurance Certificates

- No formalized citywide training program exists for staff on how to appropriately review insurance certificates to ensure insurance requirements have been met in order to protect the City from any claims which may arise.
- 25 of 28 department staff directly involved with the receipt of insurance certificates stated that they have not received formal training on how to properly review insurance certificates.



Finding #4 – Inconsistent Tracking of Insurance Coverage

- 2 of the 10 departments do not utilize any tracking tool to record insurance certificate information.
- None of the 10 departments record evidence of the staff review of insurance certificates and endorsement documents.
- Inconsistencies were found between the 8 departments that utilize a tracking tool to monitor insurance certificate information as follows:
 - 7 do not have written procedures on data entry of insurance certificate information.
 - 7 do not input sufficient detail of the type of insurance and amounts of coverage.
 - 4 do not input data to acknowledge whether an insurance certificate was received.
 - 4 do not input the effective and expiration dates to monitor insurance coverage.



Finding #5 – Incomplete Insurance Certificate Guidelines

- Guidelines provided by some departments only listed the requirement for an insurance certificate and the required coverage amounts while other departments clearly documented other requirements such as:
 - ✓ the city needing to be named as an additional insured party
 - ✓ insurance coverage needing to be issued by a carrier authorized in the State of Nevada
 - ✓ the insurance company's rating needing to be disclosed on the certificate.
- Guidelines did not always require a description of the associated project, event, or another unique identifier be referenced on the insurance certificate.
- Guidelines did not always provide an accurate address and name of the department where the insurance certificate and endorsements should be sent.



Recommendations

- The City Manager's Office should:
 - **develop and implement a citywide process** for the oversight of the receipt, review, monitoring, and retention of insurance certificates by city departments. (#1.1)
 - **develop, document, and implement citywide policies** and procedures. (#1.2)
 - 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. (#2.1 and #4.1)
 - **identify and document all city employees** involved with reviewing insurance certificates. (#3.1)



Recommendations (continued)

- The City Manager's Office should:
 - develop, document, and **implement a training program** on the review and monitoring of insurance certificates. (#3.2)
 - evaluate whether additional departments would benefit from the utilization of the **tracking service**. (#4.2)
 - 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. (#5.1)
 - 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. (#5.2)



Questions and Discussion



Agenda Item #6

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



City Auditor's Office Follow-up Process

- City Management provide a response to each audit recommendation including an Estimated Date of Completion.
- Classified initially as **NOT DUE**
- Changes to **INCOMPLETE** once Estimated Date of Completion passes
- Changes to **COMPLETE** once verified as being completed by auditor



Audit Recommendation Activity since January 30, 2020

1/30/20: 16 INCOMPLETE
4 NOT DUE

Activity:

10 Recommendations Issued
7 Recommendations COMPLETE

7/30/20: 13 INCOMPLETE
10 NOT DUE (CW014-2021-01)



INCOMPLETE AUDIT RECOMMENDATIONS BY DEPARTMENT



INCOMPLETE AUDIT RECOMMENDATIONS

CULTURAL AFFAIRS

Audit of Office of Cultural Affairs – Artist Contracts (CA005-1617-05)

- 2.3 Document and implement procedures for staff for ensuring compliance with insurance requirements. (12/1/17)



INCOMPLETE AUDIT RECOMMENDATIONS

FIRE & RESCUE

Audit of Fire and Rescue Vehicle Maintenance Shop (1308-1617-01)

- 1.7 Document and implement a procedure on the use of the RTA (Ron Turley Associates) Fleet Management Software and VMRS (Vehicle Maintenance Reporting Standards) codes. (9/27/18)**



INCOMPLETE AUDIT RECOMMENDATIONS

INFORMATION TECHNOLOGIES

Audit of the Information Technologies – Computer Hardware Inventory (IT003-1920-03)

- 2.2 Document and implement controls and procedures to ensure all new purchases of IT inventory are tagged upon receipt and are recorded in the IT inventory listing. These policies should include a process that would require notifying the IT Materials Management Technician when inventory is delivered elsewhere and when inventory is removed from the IT inventory room. A secondary review process of purchases received and entered into the IT inventory listing should also be developed and implemented. (2/28/20)**
- 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)**



INCOMPLETE AUDIT RECOMMENDATIONS

INFORMATION TECHNOLOGIES

Audit of the Information Technologies – Computer Hardware Inventory (IT003-1920-03)

- 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)**

- 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

INFORMATION TECHNOLOGIES

Audit of the Information Technologies – Computer Hardware Inventory (IT003-1920-03)

- 5.1 IT Management should document and implement policies and procedures to ensure hard drives returned to the IT inventory room are recorded in their hard drive inventory listing. (10/31/19)**

- 5.2 IT management should document and implement policies and procedures to ensure the proper destruction of hard drives and the recording of destroyed hard drives. (10/31/19)**



INCOMPLETE AUDIT RECOMMENDATIONS

PUBLIC SAFETY

Audit of Public Safety – Animal Control (PS007-1718-01)

- 2.1 Evaluate how to ensure consistency of reports from licensing vendor and animal shelter (7/31/18)**
- 2.2 Implement review of monthly reports (7/31/18)**



INCOMPLETE AUDIT RECOMMENDATIONS

PUBLIC SAFETY

Audit of Public Safety – Animal Control (PS007-1718-01)

- 5.2 Confirm that animal shelter is compliant with PCI and that their security policies and procedures observe same standards as city. (1/31/19)**

- 5.4 Document and implement a process to annually determine whether Pet Licensing vendor and the animal shelter remain compliant with PCI and city security standards. (1/31/19)**



Agenda Item #7

Report by staff on current audits



Current Audits

Department	Audit Description	Auditor(s)
Human Resources	Healthcare Contract	James
Citywide	Department Fueling Transaction Oversight	Gary and Bryan
Public Works	Funds Management	Nancy
Information Technologies	IT Change Control	Louie