City Hall, 495 S. Main St.
Council Chambers

October 15, 2020
10:00 AM

# 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 July 30, 2020
5. Discussion for possible action regarding Audit Oversight Committee quarterly meeting dates for calendar year 2021
6. Discussion for possible action regarding the election of officers to the Audit Oversight Committee for calendar year 2021
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 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.
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.
11. **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 Audit Oversight Committee Quarterly Meeting Dates for Calendar Year 2021

6

# Proposed Audit Oversight Committee Meeting Dates for 2021

- Tuesday, January 26, 2021  10:00 A.M. – 12:00 P.M.
- Tuesday, April 27, 2021  10:00 A.M. – 12:00 P.M.
- Tuesday, July 27, 2021  10:00 A.M. – 12:00 P.M.
- Tuesday, October 26, 2021  10:00 A.M. – 12:00 P.M.

CITY OF LAS VEGAS NEVADA

# Agenda Item #7

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

9

# INCOMPLETE AUDIT

# RECOMMENDATIONS

# BY DEPARTMENT

# INCOMPLETE AUDIT RECOMMENDATIONS

## CULTURAL AFFAIRS

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

**2.3** Cultural Affairs management should document and implement the process to be followed by Cultural Affairs staff in ensuring that artists comply with the insurance requirements. **(12/1/17)**

11

## INCOMPLETE AUDIT RECOMMENDATIONS

### FIRE & RESCUE

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

**1.7** Fire & Rescue management should document and implement a procedure and policy on the use of RTA (Ron Turley Associates Fleet Management Software) and VMRS (Vehicle Maintenance Reporting Standards) codes for the shop. **(9/27/18)**

## INCOMPLETE AUDIT RECOMMENDATIONS

### PUBLIC SAFETY

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

**2.1** Animal Control management should work with the Vendor who maintains the pet licensing database and the shelter to evaluate and determine how to ensure that the submitted monthly reports consistently report the same information. **(7/31/18)**

**2.2** Animal Control management should document and implement a process to periodically review the submitted monthly reports for consistency and follow-up on exceptions as deemed appropriate. Implement review of monthly reports **(7/31/18)**

## INCOMPLETE AUDIT RECOMMENDATIONS

### INFORMATION TECHNOLOGIES

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

**2.2** IT Management should 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**

**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)**

15

## INCOMPLETE AUDIT RECOMMENDATIONS

### INFORMATION TECHNOLOGIES

**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)**

# Current Audits

- Human Resources - Contract Audit
- Public Works - Capital Projects Administration
- Information Technologies – Change Control
- Finance – Treasury Petty Cash/Travel Funds
- Fueling Transaction Oversight:
  - Community Services
  - Cultural Affairs
  - Parks and Recreation – Parks Maintenance
  - Economic and Urban Development
  - Public Safety
  - Public Works
  - Operations and Maintenance – Facilities
  - Operations and Maintenance – Fleet

## Excerpts from July 30, 2020 Audit Committee Meeting Minutes

**CULTURAL AFFAIRS** – MR. SMITH reported that the Office of Cultural Affairs has one Incomplete audit recommendation from the audit of the Artist Contracts report issued in January of 2017. This audit recommendation requested that the Office document and implement the process to be followed by staff in ensuring that artists comply with the insurance requirements in the contracts. ALLEY HAYNES-HAMBLEN, Director of the Office of Cultural Affairs, said this is the final item from the Office's audit relating to insurance requirements, and a number of different procedures have been put in place that have been adjusted based upon staff rearrangement and staff turnover. A long conversation was held with Office of the City Auditor about combining this audit recommendation with that of the citywide audit of management controls over insurance certificates to which ACTING CHAIR THRONEBERRY thought this made sense. He wondered when MS. HAYNES-HAMBLEN anticipated the revised timeline of completion. MS. HAYNES-HAMBLEN believed this audit recommendation could be done by the end of the calendar year as most contracts are not as robust as they used to be.

**FIRE AND RESCUE** – MR. SMITH stated that the Fire Department has one Incomplete audit recommendation from the audit of the Fire Department Vehicle Maintenance Shop report issued in July of 2016. This audit recommendation relates to the need for procedures on the use of the Fire Department's fleet management software. DEPUTY FIRE CHIEF ROBERT NOLAN and ERIC MOON, Fire Administrative Battalion Chief, were present. MR. MOON said an assessment of the RTA (Ron Turley Associates) Fleet Management Software has been completed, and it was determined that the Fire Department will continue to use this system. Modifications have been made starting with the three VMRS (Vehicle Maintenance Reporting Standards) codes which have expanded to eight categories of VMRS codes for a total of over 50. The VMRS codes have been added to the RTA, and the procedures for utilizing VMRS codes have been implemented and are currently in use. The standard operating procedures (SOP) as far as governing the creation, use, and retirement of the VMRS codes are in development. He informed ACTING CHAIR THRONEBERRY that he anticipated being able to complete the audit recommendations within 30 days.

**INFORMATION TECHNOLOGIES** – MR. SMITH indicated that the Department of IT has seven Incomplete audit recommendations from the audit of the Computer Hardware Inventory report issued in October of 2019. Items 2.2 and 3.1 of the audit recommendations address the need for improved controls over new IT inventory purchases and the need for a periodic inventory count of citywide inventory items. Items 3.2, 4.1, and 4.2 of the audit recommendations address the need for improvements in the controls over the tracking and recording of IT inventory items removed from the IT inventory room and the need for an annual physical inventory count of the IT inventory room. Items 5.1 and 5.2 of the audit recommendations address the need for improved controls over the tracking and destruction of hard drives removed from computers. MICHAEL SHERWOOD, Chief Information Officer, and CHRIS CRAIG, Deputy Information Technologies Director, were present. MR. SHERWOOD said the majority of the audit recommendations are under review of the Office of the Auditor, and regarding Item 2.2, ServiceNow has been implemented as a tracking software. Regarding Item 3.1, staff is underway with a periodic review of inventory, and he noted that staff will work with the Office of the City Auditor on how to address and manage mobile equipment such as laptops which are assigned to individuals and not a specific location.

Submitted at Meeting
Date: 10/15/2020 Item: 7
Submitted by: Staff

Items 3.2, 4.1, and 4.2 refer back to asset management and tracking of equipment and ServiceNow is in place to help monitor and manage this equipment. MR. SHERWOOD indicated an annual count of inventory will be conducted through conducting a statistical summary to address Item 4.2, and the next annual count of inventory should be completed around September.

MEMBER SEAMAN wondered if inventory procedures were in place previously to which MR. SHERWOOD said the procedures before were not an automated process where staff could manually inspect inventory on a regular basis which did not always ensure accuracy. He further explained that to begin a purchase order is issued. The equipment is received in IT's warehouse where it is inventoried. When an individual is hired with the City of Las Vegas they are assigned hardware specific to that person; however, sometimes hardware like a desktop computer is assigned to a location. On a regular basis, staff would inventory these assets manually. As identified by this audit, issues could slip through this process.

MR. SHERWOOD continued his response by stating that Item 5.1 and 5.2 are currently being reviewed by the Office of the Auditor and noted that many of the computers that will be purchased going forward will be diskless, so the destruction of hard drives in the future will no longer be an issue or worry.

MEMBER PREISS asked how many of the outstanding items are in the Office of the City Auditor's position for review to be finalized. MR. SHERWOOD believed Items 2.2, 3.2, 4.1, 4.2, 5.1, and 5.2 are under review. MR. SMITH mentioned that a meeting was held with the Department of IT where IT staff shared copies of their written policies and procedures. He acknowledged that ServiceNow has been implemented; however, before the audit recommendations are closed, it will be important for staff to see evidence of a history of those written policies and procedures being followed. As far as the destruction of hard drives, the Department of IT has had one event where it has requested to have hard drives destroyed.

**PUBLIC SAFETY** – MR. SMITH stated that the Animal Control Division has four Incomplete audit recommendations from the Animal Control audit issued in April of 2018. Two of the four Incomplete audit recommendations address the need for monthly reconciliation procedures of the pet licensing activity of the city and the animal shelter to the pet licensing vendor reports. He reminded the Members that the pet licensing vendor is PetData. The remaining two Incomplete audit recommendations address the need for a review of the adequacy of the systems security standards being followed by the pet licensing vendor and the animal shelter. While part of the audit recommendation for Item 5.4 specific to the pet licensing vendor has been addressed, the part related to the animal shelter remains open. In order to satisfy this audit recommendation, the Department of IT has requested that the animal shelter provide a PCI (payment card industry) self-assessment questionnaire for their review.

LIEUTENANT JOHN GUILLEN and KITTY WARWICK, Accounting Technician I, were present. LIEUTENANT GUILLEN stated that policies and procedures will be implemented with the assistance of Business Licensing to help train a new Administrative Support Assistant in completing these records. MS. WARWICK added that there are five months of documentation history to reconcile the audit recommendations to ensure consistency within the monthly reports.

LIEUTENANT GUILLEN informed for ACTING CHAIR THRONEBERRY that the PCI compliance is being reviewed by the Department of IT, and he is awaiting a response on further recommendations from them. MR. SMITH confirmed this and believed the two audit recommendations should close very quickly.

# Agenda Item #8

## Report by staff on current audits

# Current Audits

- Human Resources - Contract Audit
- Public Works - Capital Projects Administration
- Information Technologies – Change Control
- Finance – Treasury Petty Cash/Travel Funds
- Fueling Transaction Oversight:
  - Community Services
  - Cultural Affairs
  - Parks and Recreation – Parks Maintenance
  - Economic and Urban Development
  - Public Safety
  - Public Works
  - Operations and Maintenance – Facilities
  - Operations and Maintenance – Fleet