



Audit Oversight Committee Minutes

1. Call to Order and Roll Call

Minutes:

CHAIR SEAMAN called the meeting to order at 10:07 a.m.

PRESENT: CHAIR SEAMAN and MEMBERS PREISS (via teleconference) and ALLEN-PALENSKE

EXCUSED: MEMBER GAUGHAN

ALSO PRESENT: JORGE CERVANTES, City Manager; RADFORD SNELDING, City Auditor; BRYAN SMITH, Internal Audit Section Manager; JAMES BURNETT, Senior Internal Auditor; NECHOLE GARCIA, Deputy City Attorney III; LUANN D. HOLMES, City Clerk; STACEY CAMPBELL, Chief Deputy 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 January 9, 2023

Motion made by Francis Allen-Palenske to Approve

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Eric Preiss, Victoria Seaman, Francis Allen-Palenske; Excused-Brendan Gaughan;

5. Discussion for possible action regarding Audit of Department of Parks, Recreation & Cultural Affairs – Floyd Lamb Park Payment Collections (PR016-2223-04)

Minutes:

While a PowerPoint presentation was shown, a copy of which was included as backup, JAMES BURNETT, Senior Internal Auditor, reported that the Department of Parks, Recreation and Cultural Affairs (Parks) manages the operation of the City's Floyd Lamb Park, which is located on 680 acres, 15 miles northwest of downtown Las Vegas. There are nine part-time employees and a supervisor that oversee the entrance to the park and

collect vehicle admission fees from a gatehouse, which is open May through September from 8:00 a.m. to 8:00 p.m. daily and October through April 8:00 a.m. to 5:00 p.m. daily. He listed the park admission fees per vehicle as \$6 for a daily pass, \$50 for an annual pass, \$25 for a senior (50+) pass, and \$1 per person for individuals in a bus or passenger van. Vehicles with individuals who are active duty military, veterans, handicapped, or realtors are granted free access to the park. While there are other fees that are charged for use of the park such as rental fees for picnic areas and various special events, those fees are processed either online or through Parks Administration. During Fiscal Year 2022, gatehouse collections totaled \$299,817 including \$163,359 in cash and \$136,458 in credit cards. Parks utilizes CivicRec, a recreation management software, in which payments at the gatehouse are recorded.

He reviewed the audit objectives, which were to review the payment collection process at the Floyd Lamb Park gatehouse and determine whether payments are receipted in accordance with the Department's and the City's cash handling policies and procedures; payments are being accurately processed, balanced, and recorded in the CivicRec system; deposits are being properly prepared, remitted to the armored car service, reconciled to the bank records, and posted to the general ledger; keys to the gatehouse are being properly controlled and gatehouse door locks changed when keys are lost; and system access permissions assigned to gatehouse employees are appropriate for their job responsibilities.

Finding #1 – Staff identified that each day's deposits are picked up the following business day by an armored car carrier service. Saturday's deposits are held in a safe until Monday or the next business day in the case of a holiday. Therefore, the gatehouse is not in compliance with City policy that requires all cash collections, regardless of amount, to be deposited intact within 24 hours. According to City and Department cash handling procedures, deposits are to be verified by a second cashier. Per department procedure, when a second cashier is unavailable to verify a deposit, the cashier is to immediately contact their immediate supervisor and secondary chain of command by e-mail stating that he/she was the only employee on duty and provide details of the deposit. Staff noted exceptions to this policy in their deposit testing. During an unannounced visit to the Floyd Lamb gatehouse on March 2, 2022, staff observed that one of the cashiers had placed their change fund near the cash register after removing it from the safe but did not place it in their locked cash register drawer as required by the policy, which requires that safe combinations be changed when an employee with safe access separates from employment. During the period from September 21, 2021, through July 31, 2022, six gatehouse employees separated from employment with the City. Parks management did not request a safe combination change following four of the six employee separations. He noted that in one of the two instances where a request was made for a safe combination change, it was made 17 days following the employee's separation; therefore, Parks management is not conducting periodic cash handling audits of the Floyd Lamb Park gatehouse as required by policy.

Staff recommended that Parks management consult with Finance (Department of Finance) on how Floyd Lamb Park can comply with the City's requirement that all cash collections be deposited within 24 hours. Parks management should train cashiers on the additional procedures required to be followed when a second cashier is unavailable for verification of a deposit and implement procedures to ensure they are followed. Parks management should require gatehouse cashiers to keep their assigned change fund in the safe or a locked register drawer when unattended and document and implement procedures to periodically verify that this is being done. Parks management should document and implement procedures to notify the City locksmith of the need for a safe combination change at the gatehouse immediately upon separation from employment of a gatehouse employee and ensure this is completed in a timely manner. Lastly, Parks management should conduct periodic cash handling audits of the Floyd Lamb Park gatehouse.

Finding #2 – The Department's cash handling procedures (PR-0005.1) for the gatehouse have not been updated since April 1, 2018, and some of the procedures do not reflect current practices. MR. BURNETT reviewed examples of areas needing updates: procedures refer to the use of a previously used software known as RecTrac; procedures reference the use of honor boxes, which are no longer used; procedures require customers to sign credit card receipts, which are no longer required; and procedures prohibit the writing of anything other than the required information on the deposit documentation; however, the current practice is to write solo on the deposit slip when there is not a second cashier available to verify the deposit. Staff recommended that Parks management update their cash handling procedures to reflect current practices and the current software being used.

Finding #3 – Entry into the Floyd Lamb gatehouse is controlled by keyed doors, and all employees working at

the gatehouse are given their own key. The City locksmith maintains a record of keys issued to employees and flags keys that are not returned upon an employee's separation from employment with the City. A report provided by the City locksmith showed that since 2007 when the City assumed operations of Floyd Lamb Park, five gatehouse employees had not returned their keys upon separation from employment. Parks management did not request that the gatehouse door locks be re-keyed until after the departure of the fifth employee who had not returned his key in July 2022. The gatehouse was re-keyed on August 11, 2022. According to the City's key control policy, department directors are responsible for requesting changes to locks and conducting bi-annual audits of keys issued to their department, and reporting any breaches and/or deficiencies to the City locksmiths. Additionally, Parks management does not adequately track the status of the gatehouse keys, and they are not conducting bi-annual audits of the keys as required by policy.

Staff recommended that Parks management maintain records of employees with keys to the gatehouse and perform a bi-annual audit of these keys; Parks management should reconcile their records to those of the City locksmith during these audits; and Parks management should document and implement procedures requiring the locks to the gatehouse be changed by the City locksmiths whenever an employee fails to return their key upon separation from employment with the City.

Finding #4 – MR. BURNETT stated the number of vehicles entering the park for free is tracked by the cashiers manually on a tally sheet. The total of these vehicles from the tally sheet is entered into the CivicRec software at the end of each day. In order to minimize the risk of theft by employees at the gatehouse, Parks management tries to schedule two employees at a time to work at the gatehouse and has a security camera within the gatehouse. The following deficiencies were noted in the gatehouse security and payment collection process: there is no automated device for independently counting the number of vehicles entering the park; without this information, the accuracy of the payments collected at the gatehouse cannot be verified and theft of funds may go undetected; the manual tracking of the number of vehicles entering the park for free is subject to human error and manipulation; and a cashier could accept payment from a vehicle, pocket the cash, and record the vehicle as a free admission without detection when there is not a second cashier. There are not always two employees working in the gatehouse due to limited staff, absences, and work breaks creating the opportunity for a single employee to steal cash without detection. There is no signage at the site stating that the customer is entitled to a receipt and a phone number to call in case one is not provided. Without such a sign, there is increased risk and opportunity for a cashier to accept a payment from a customer, pocket the cash, and skip recording the payment in the payment software without detection. The current positioning of the single security camera may not adequately capture the handling of cash between a customer and the cashier.

Staff recommended that Parks management evaluate the various automated devices that exist for tracking the number of vehicles entering the park and purchase and install such a device at the gatehouse entrance. Parks management should then document and implement a process for verifying the accuracy of park entrance payment collections using the data captured on the number of vehicles entering the park. Parks management should request that CivicRec be updated to allow for the recording of vehicles entering the park for free at the time of admittance. Parks management should always schedule two employees to work in the gatehouse. Parks management should create and install signage at the gatehouse alerting customers that they are entitled to a receipt and should call a specified number if a gatehouse employee fails to provide a receipt. Additionally, management should document and implement procedures for investigating reports of receipts not being provided. Parks management should evaluate the feasibility of installing additional cameras at the gatehouse that are closer to where entrance fees are being collected from the public.

MR. BURNETT thanked Parks management and staff for their help with this audit. He noted their responses to staff's recommendations and estimated dates of completion could be found at the back of the report attached as backup. STEVE FORD, Director of Parks, Recreation and Cultural Affairs, was in attendance to respond to any questions.

MEMBER PREISS asked if other departments have developed an adequate resolution regarding the cash collection policy and the requirement to deposit cash within 24 hours. MR. BURNETT said at the moment, no department has created an alternative procedure to address this issue. Staff is in discussions with Finance so that their procedures can be updated. CITY MANAGER JORGE CERVANTES confirmed they are working on a city-wide policy and are asking the departments to develop a short-term policy that is department specific until the city-wide policy is updated.

MEMBER ALLEN-PALENSKE asked if there was intent to update the cash handling procedures soon. MR. BURNETT said they have been working with Parks, who has presented their main procedure; however, the Department indicated that they are in the process of finalizing the seasonal pools and Floyd Lamb Park Procedure. Regarding key controls, the Member did not think returning keys was an issue and asked if the City has its own City locksmith, to which MR. BURNETT confirmed. He noted that one risk with this site is that it is a remote location, and staff also has the safe combination, which audit staff found deficiencies in changing the safe combination. He affirmed the City locksmith could also change the safe combination. MR. BURNETT confirmed that the cost of a second cashier is significant; however, it is City policy that there be two.

Lastly, the MEMBER ALLEN-PALENSKE asked if there was some way to automate and monitor the number of cars that visit. MR. BURNETT said this was addressed in Finding #4, and they requested that the Department look into feasible systems. CHAIR SEAMAN suggested software that reads and captures license plates. MR. FORD replied that they have spoken to the Chief of DPS (Department of Public Safety) about license plate reading cameras. He emphasized there is a cost associated with that. Staff is considering several options, one of which is to create a parking garage-type system with a pay-to-enter lever, which removes the human element. The short-term option is to use cameras to track the number of cars going through. MEMBER ALLEN-PALENSKE wondered about a no-cash policy. MR. FORD replied that this is also under consideration.

Motion made by Eric Preiss to Accept the report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Eric Preiss, Victoria Seaman, Francis Allen-Palenske; Excused-Brendan Gaughan;

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

Minutes:

While a PowerPoint presentation was shown, which was included as backup, BRYAN SMITH, Internal Audit Section Manager, stated that prior to the finalization of every audit report, City management provides a management action plan and an estimated date of completion for each audit recommendation, which can be found at the back of every audit report. Upon release of an audit report, an audit recommendation is classified as Not Due. Once an audit recommendation's estimated date of completion passes and the recommendation has not yet been verified by an auditor as having been addressed, the classification of the recommendation is changed to Incomplete. Once an audit recommendation has been verified by an auditor as having been addressed, the recommendation classification is changed to Complete.

Over the past year, City departments have completed 66 audit recommendations resulting in improved internal controls. There are currently 17 recommendations that are Not Due and nine recommendations that are Incomplete. MR. SMITH reviewed the Incomplete audit recommendations by department, which included the Fleet and Fuel Services Division of Public Works (Department of Public Works) and Neighborhood Services (Department of Neighborhood Services). The estimated date of completion for each recommendation was listed on the PowerPoint slides.

The Fleet and Fuel Services Division has one remaining Incomplete recommendation from a fueling audit report issued in June 2021. This recommendation requested that the Division implement procedures to review compliance by City departments with the secondary ProKee reconciliation procedures. TRACEE SCOTT, Fleet Services Manager, was present and said the last recommendation required a spot check of the reconciliation records for each department, which was made official as a city-wide policy on November 22nd; however, the person who issued those automated records retired. A new person was hired and was given those records, and MS. SCOTT is waiting for this person to generate records in order to verify the policy. She hoped it would be completed in July.

MR. SMITH reported that Neighborhood Services has eight Incomplete audit recommendations from a gift card audit report issued in September. The audit recommendations relate to the need for documenting and implementing department procedures on the handling and management oversight of gift cards. Neighborhood Services provided staff with their department gift card policy and procedures, which staff has begun a follow-up process to verify that the audit recommendations have been addressed. In conjunction with the completion of four department gift card audits, staff issued a report to Finance (Department of Finance) recommending that

they update the City's gift card policy to address various deficiencies found in the policy while department audits were being completed. Finance is currently in the process of updating the City's gift card policy and has reached out to departments, including Neighborhood Services, for their feedback. ARCELIA BARAJAS, Deputy Director of Neighborhood Services, was present and said they have developed new processes to oversee the audit of gift cards and are currently working to review the policy.

Motion made by Eric Preiss to Accept the report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Eric Preiss, Victoria Seaman, Francis Allen-Palenske; Excused-Brendan Gaughan;

7. Report by staff regarding current audits

Minutes:

While a PowerPoint presentation was shown, a copy of which was included as backup, BRYAN SMITH, Internal Audit Section Manager, reported that the office is currently involved in audits of the payment collection sites shown on the attached PowerPoint slide. Staff's objectives in completing these audits are to verify that customer payments are receipted, recorded, and deposited in accordance with the department's and the City's cash handling policies and procedures, funds are properly secured, and that system access permissions assigned to employees are appropriate for their job responsibilities.

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.

Minutes:

None.

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.

Minutes:

None.

10. **Adjournment**

Minutes:

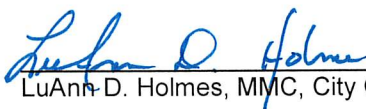
CHAIR SEAMAN announced that the next Audit Oversight Committee meeting is scheduled for July 10, 2023.

The meeting was adjourned at 10:38 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