



## 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 PREISS, GAUGHAN, and ALLEN-PALENSKE

EXCUSED: MEMBER KAERCHER

ALSO PRESENT: GARY AMELING, Chief Financial Officer; RADFORD SNELDING, City Auditor; BRYAN SMITH, Internal Audit Section Manager; JAMES BURNETT and NANCY CARDOZA, Senior Internal Auditors; LOUIS HLAD, Senior Information Technology Auditor; JOSEPH THRONEBERRY, Senior Forensic Auditor; JOHN CURTAS, Deputy City Attorney IV; JACQUIE MILLER, Assistant 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](http://www.lasvegasnevada.gov); and the Nevada Public Notice website – [notice.nv.gov](http://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 10, 2023

Motion made by Eric Preiss to Approve

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

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

### 5. Discussion for possible action regarding Audits of Parks, Recreation & Cultural Affairs – Payment Collections

Minutes:

While a PowerPoint presentation was shown, a copy of which was included as backup, BRYAN SMITH, Internal Audit Section Manager, reported that the City Auditor's Office completed payment collection audits of four community and art centers with the Department of Parks, Recreation, and Cultural Affairs (Parks) shown on the PowerPoint slide. The lead auditors for each of these sites were also noted. Each began with an unannounced

visit to the site, followed by a reconciliation of the cash on hand compared to the information within Parks' payment collection software, which is known as CivicRec.

He reviewed the objectives in completing these audits, which were to determine whether customer payments are being receipted, recorded, and deposited in accordance with the Department's and the City's cash handling policies and procedures; funds are appropriately secured; department management is monitoring compliance with cash handling policies and procedures; and system access permissions assigned to employees are appropriate for their job responsibilities.

Considering there are duplicate findings in these reports, rather than having each auditor give their individual report, they will be discussing specific findings found within the reports. In addition, as staff completed these audits, they identified improvements needed to the City-wide cash handling policy and procedures and have accordingly provided recommendations to Finance (Department of Finance) management. NANCY CARDOZA, Senior Internal Auditor, JOE THRONEBERRY, Senior Forensic Auditor, JAMES BURNETT, Senior Internal Auditor, LOUIS HLAD, Senior Information Technology Auditor, and MR. SMITH presented the findings and recommendations.

MS. CARDOZA said she was responsible for the audit of the Veterans Memorial Community Center, which offers various amenities such as classrooms, a dance studio, a full-size gymnasium, and a fitness center, and also offers a variety of youth activities and classes. During 2022, the Center collected payments totaling over \$265,000.

She noted improved management oversight is needed. During the cash handling audit, staff noted Parks management is not conducting periodic cash handling audits of its locations as required by City and department policy. In addition, staff noted that Finance's cash handling policy does not contain specific guidance to departments on what is expected in conducting these audits.

The first recommendation asks Parks management to document and implement procedures for the completion of periodic audits of all cash handling locations. Secondly, Finance management should provide direction to departments on how to appropriately comply with the City's cash handling policy requiring departments to complete periodic audits of cash handling locations.

MR. THRONEBERRY said he was responsible for the audit of Doolittle Community Center, which offers various amenities such as classrooms, a full-size gymnasium, and a fitness center, and also offers a variety of school programs. During 2022, the Center collected payments totaling over \$140,000.

He noted that findings at all four Centers specific to department safes included safe combinations at Doolittle Community Center, Mirabelli Community Center, and West Las Vegas Arts Center not being changed annually or when an employee with safe access separated from employment; at all four centers, no logs were kept of employees with access to the safe being kept at the Centers; at West Las Vegas Arts Center, no log of dates of when the safe combination was changed was maintained at the location; and lost-and-found items were stored in a safe at Doolittle Community Center, which is a violation of the Department's safe policy.

Staff recommended Parks management implement procedures to ensure staff has the safe combinations changed annually or when an employee with safe access separates from employment with the Department or the City; implement procedures to ensure staff maintains a log of all employees with access to the safe; implement procedures to ensure staff maintains a log of dates when the safe combination is changed; and establish a location at the Center that is accessible to authorized employees during business hours where lost-and-found items of value can be securely kept.

MR. BURNETT noted he was the lead auditor on the audit of Mirabelli Community Center, which is known for its leagues, preschool program, and a variety of other activities. The Center features a special events room, dance studio, gymnasium, gymnastics room, secured tot lot, preschool classroom, teaching kitchen, and game room. During 2022, the Center collected payments totaling over \$210,000.

During a review of active CivicRec users assigned to the Center as of February 22, 2023, staff found one employee who had transferred to another City department on May 1, 2022, that still had access to CivicRec. Staff recommended Parks management document and implement procedures requiring CivicRec system

administrators to be notified when an employee transfers to another City department. Furthermore, they recommended Parks management document and implement procedures requiring periodic reviews of the appropriateness of the access of CivicRec users.

MR. HLAD identified himself as the lead auditor for the report on the West Las Vegas Arts Center, which is a neighborhood cultural facility, located next to Doolittle Community Center. The Center offers a variety of classes, art exhibitions, and performance spaces for the community, and the City employees there help young artists to use visual arts, music, dance, theater, and spoken word to participate in civic engagement through artistic expression. This arts center operates very differently than the other Parks facilities discussed, as compared to the pools and fitness centers, they tend to handle fewer cash transactions and have smaller, less-frequent bank deposits. Along with the recommendations on management oversight and safe policy exceptions already covered, staff had a few additional findings.

While transactions at the West Las Vegas Arts Center typically see cash going directly into the register, staff reported there were periods of unusually high activity that required them to open two lines for transactions. Because the Center only has one cash drawer, the employee running the second line would store money in a metal cash box under the counter, and sometimes unattended in a desk drawer, until the money was later introduced into the cash drawer. Staff noted that this cash box did not have a working lock mechanism. It was recommended that Parks management coordinate training activities for the Center's employees on the City's and Department's cash handling policies, including the requirement for appropriate cash storage. Additionally, staff recommended the need for an additional cash drawer, or other lockable container to support the Center's operations, be evaluated.

He indicated the change fund is money entrusted to a City facility, preferably in small bills, for the purpose of providing change to customers during cash transactions. Staff found the Center has one change fund in the amount of \$20 and in the form of a single \$20 bill. This fund is kept in the safe and not regularly broken down into smaller bills. Staff requests customers provide exact change for transactions.

Previously, the Center had a second change fund in the amount of \$150, but the custodian of this change fund was relocated from the West Las Vegas Arts Center to another cultural center and took the change fund with them to the new site. This was part of some position shuffling that happened during the pandemic, and Finance was not told this fund had moved to a new location. Additionally, in reviewing the City's Change Funds policy (FN307), as well as discussing with Finance, staff discovered there is no established process when a change fund custodian is transferred from a department to a new site. Staff recommended Parks management evaluate the available change funds and determine whether these funds adequately support the site's operations. In addition, they have made a recommendation to Finance management to provide direction to departments on what procedures to follow when a change fund custodian transfers within a department.

The City utilizes an armored car service to securely transport deposits from most of its cash handling sites to the bank. This armored car service does not visit the West Las Vegas Arts Center due to its infrequent and small cash transactions. At the time of this audit, a single employee from the Center was driving each deposit to the bank, which could raise possible safety concerns. In reviewing the deposit processes and relevant policies and procedures, staff determined that the Center's staff was not provided with directions on what precautions should be taken when transporting deposits to the bank and recommended Parks management evaluate this deposit process and outline procedures for the safe and secure transport of their deposits to the bank. In coordination with this, staff also asked that Finance management provide direction to City staff on the safeguards and precautions that should be practiced when transporting deposits to the bank.

One year ago, the Office of Cultural Affairs merged with the Department of Parks and Recreation to form the new Department of Parks, Recreation and Cultural Affairs. Staff found that pre-merger, the Department of Parks and Recreation had department-specific cash handling procedures, as required by City policy, but the Office of Cultural Affairs, who ran this site, did not have their own department-specific cash handling procedures. Now that they are the same department, all centers, including cultural centers, are covered by the Parks procedures. While these procedures are in place across the new Department, staff found that the arts center's employees were not aware of or trained on their new Department's cash handling procedures. It was recommended that Parks management ensure all cultural affairs center employees who handle cash are trained on these procedures.

MR. SMITH expressed appreciation for the help they received from Parks and Finance staff and management in completing these audits. They are supportive of the recommendations, and responses to those recommendations could be found at the back of each report, which were included in the backup. STEVE FORD, Director of Parks, Recreation, and Cultural Affairs, and SUSAN HELTSLEY, Director of Finance, were present in the audience to answer questions.

CHAIR SEAMAN asked if there was evidence of missing funds or if the policies needed to be updated. MR. SMITH said there was no evidence of missing funds during these audits but many of the findings relate to the need of improving policies and procedures. He informed the Chair that the City accepts cash, credit cards, and checks; however, he did not believe Venmo is accepted. He indicated that greater risks exist with the cash that is handled. Staff conducted a detailed test of a sample of daily deposits, which included credit cards and checks, to ensure closeout procedures were being followed at each of the sites. CHAIR SEAMAN wondered when the recommendations would be completed. MR. SMITH said management has provided their action plan, and a list of completion dates could be found at the end of each report. Until the listed date passes, the recommendation stays in the status of Not Due. Once that date passes, it becomes Incomplete. Staff would provide a briefing at the next meeting on Incomplete recommendations.

MR. SMITH informed MEMBER PREISS that Parks has some of the best department procedures, and they have a complete set of procedures that apply to all of these sites. They have a separate set of procedures for the municipal pools and Floyd Lamb Park because they are unique.

MEMBER ALLEN-PALENSKE asked for more clarity about the CivicRec software. MR. SMITH said all of the sites use CivicRec, which he confirmed is able to collect payments via credit card. Additionally, he verified that payments can be made online, and Parks encourages the use of their website to register for classes. MEMBER ALLEN-PALENSKE said if all of the money between the sites is added up, the cash handling procedures are antiquated. She wished to see the City be cashless. MR. SMITH agreed that would be great but noted there is also a need to serve the customers and process cash.

MEMBER GAUGHAN pointed out that the West Las Vegas Arts Center is close to Doolittle Community Center and asked if there was any thought to walking transactions over to Doolittle Community Center. MR. SMITH said that has already been implemented, and there are other sites throughout the City that take their deposits to other centers. He advised there still needs to be proper procedures to handle cash.

CHAIR SEAMAN agreed with MEMBER ALLEN-PALENSKE'S thoughts and inquired about Venmo and Zelle. GARY AMELING, Chief Financial Officer, said the City has seen a shift from cash payments toward non-cash payments; however, they want to be accessible and open to everyone, noting some people do not have access to certain types of payment methodologies. Staff is looking at opportunities where it makes sense to be cashless.

Motion made by Eric Preiss to Accept the report

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

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

6. 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 working on additional payment collection site audits and an audit of IT Assets - Hardware.

7. Discussion for possible action regarding the Annual Audit Plan – Fiscal Year 2023-2024

Minutes:

While a PowerPoint presentation was shown, a copy of which was included as backup, CITY AUDITOR RADFORD SNELDING stated that the City Auditor's Office audits from an annual audit plan, which identifies performance audits selected for the fiscal year. Audits are conducted on a cyclical, five-year audit plan. The City of Las Vegas has 12 departments and six offices, and staff planned to audit each department four times

and each office twice during the audit cycle. Staff anticipated completing 12 audits during Fiscal Year 2023-2024.

By way of background, staff will determine the scope and objectives of the audit by identifying the performance measures of each entity and selecting areas that present the greatest risk of exposure. The plan allows for computer assistance on audits, follow-ups, investigations, and other miscellaneous activities. By approving this plan, the City Auditor's Office can initiate these audits without having to return to the Committee to obtain authorization.

Motion made by Eric Preiss to Approve the Audit Plan

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

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

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 Monday, October 9, 2023.

The meeting was adjourned at 10:30 a.m.

Respectfully submitted,



Ashley Foster, CMC, Deputy City Clerk



Jacquie Miller, Assistant Deputy 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](http://www.lasvegasnevada.gov)  
The Nevada Public Notice website – [notice.nv.gov](http://notice.nv.gov)  
City Hall, 495 South Main Street, 1st Floor