



## Audit Oversight Committee Agenda

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 April 7, 2025
5. Discussion for possible action regarding Audit of Fire & Rescue Department - Controlled Substances Inventory Management (FR006-2425-04)
6. Discussion for possible action regarding Audit of Community Development Department - Business Licensing Compliance Section (CD001-2425-05)
7. Report by staff regarding current audits
8. Report by staff regarding fraud hotline activity
9. Discussion for possible action regarding the Annual Audit Plan - Fiscal Year 2026
10. **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.
11. **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.
12. **Adjournment**

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City Hall, 495 South Main Street, 1st Floor

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF FIRE & RESCUE DEPARTMENT**

### **CONTROLLED SUBSTANCES INVENTORY MANAGEMENT**

**Report FR006-2425-04**

**June 26, 2025**

# EXECUTIVE SUMMARY

## Why This Audit is Important

Controlled substances are critical to patient care but pose risks of misuse and diversion. This audit assessed whether the City of Las Vegas Fire & Rescue Department (LVFR) maintains adequate internal controls and compliance with the policies of the Drug Enforcement Administration (DEA), the Southern Nevada Health District (SNHD), and the City of Las Vegas (CLV). Our evaluation of LVFR's operational efficiency, accountability, and regulatory adherence in managing controlled substances confirmed LVFR management's commitment to strong governance, safety, and transparency and identified areas for further improving safeguards against legal, financial, and reputational risks.

## Key Audit Results

The Office of the City Auditor audited LVFR's controlled substances inventory management to evaluate the adequacy of internal controls and the effectiveness of inventory management practices.

The audit examined key processes, including ordering, receiving, storing, and administering controlled substances. It assessed compliance with applicable regulations from the SNHD, the DEA, and the CLV policies and procedures. Additionally, a selection of inventory records was tested for accuracy and adherence to established protocols.

The audit identified no discrepancies in inventory counts, confirmed that medications were stored securely, and verified that expired controlled substances were adequately disposed of. These findings reflect LVFR's commitment to maintaining high standards with controlled substance inventory management.

Opportunities for improvement were identified in the following areas:

- **Policy Management:** Three versions of the policy governing the procurement, storage, handling, and disposal of controlled substances were identified, each differing in approval status, content, and operational alignment. LVFR's policy update and approval process needs improvement to align policies with current operational practices.
- **System Security:** The information security controls within the case management system used to document fire and medical incidents require review and enhancements to mitigate the risks to data confidentiality and integrity.
- **Procurement Process:** LVFR staff need to improve their controlled substance procurement process to ensure that controlled substance orders are accurately accounted for.
- **Inventory Management Automation:** Implementing an automated controlled substance inventory management system would improve security, transparency, and accountability in controlled substance inventory tracking.

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**AUDIT OF FIRE & RESCUE DEPARTMENT  
CONTROLLED SUBSTANCES INVENTORY MANAGEMENT  
Report FR006-2425-04**

**BACKGROUND**

The City of Las Vegas Fire & Rescue Department (LVFR) is an ISO Class One fire department responsible for fire suppression, prevention, public education, and paramedic emergency medical services (EMS) for residents and visitors. LVFR also operates specialized teams, including a bomb squad, a hazardous materials team, and a technical rescue team, which provide services for the City of Las Vegas (CLV) and Clark County.

The LVFR Emergency Medical Services (EMS) Division manages EMS operations and oversees compliance with the EMS Standard Operating Procedures (SOPs) – 500 Series, which includes SOP FR510.31, governing the department’s controlled substance program. LVFR paramedics administer fentanyl (DEA Schedule II drug), ketamine (DEA Schedule III drug), and midazolam/Versed (DEA Schedule IV drug) under strict regulatory controls. LVFR procures these controlled substances from a single external vendor, based on Periodic Automated Replenishment (PAR) levels set by the Medical Director, to ensure availability while minimizing waste due to expiration.

The Medical Director, a licensed physician, ensures that controlled substances are properly handled, stored, secured, and documented in accordance with the Drug Enforcement Administration (DEA) regulations and the policies of the Southern Nevada Health District (SNHD). The Medical Director also oversees compliance monitoring, inventory, and training for paramedics on medication administration and documentation requirements.

LVFR’s medic units, staffed by EMTs, A-EMTs, and paramedics, transport patients to local hospitals. Paramedics administer controlled substances only when medically necessary, following established protocols and guidelines. LVFR securely stores controlled substances on board its vehicles in lock boxes and central supply locations to maintain operational readiness while minimizing inventory risks. The LVFR must balance inventory availability, regulatory compliance, and risk mitigation by monitoring expiration dates, addressing potential supply chain disruptions, and ensuring the secure storage and handling of medications.

LVFR utilizes ImageTrend as its case management software for documenting fire and EMS incidents, including medical incidents where controlled substances are administered to patients.

This audit examined LVFR’s controlled substance inventory management practices to assess compliance with federal, state, and local regulations, evaluate security and tracking controls, and identify opportunities to enhance efficiency, transparency, and oversight.

## AUDIT TEAM

Bryan L. Smith, CPA, CFE, City Auditor  
Joseph Throneberry, CFE, CIA, CISA, Senior Forensic Auditor

## OBJECTIVES

Our audit objectives were as follows:

- 1. Assess the Adequacy of Controlled Substance Policies and SOPs**  
Evaluate whether the LVFR controlled substance policies and SOPs are comprehensive and are aligned with federal, state, and local regulations. Determine whether the policies adequately address the risks associated with the procurement, storage, handling, and disposal of controlled substances and effectively mitigate potential misuse or noncompliance.
- 2. Evaluate Information Security in the ImageTrend Case Management System**  
Assess the adequacy of information security controls within the ImageTrend case management system, including a review of user account management procedures, system administration practices, role-based access configurations, and audit trail functionalities to ensure proper definition, implementation, and maintenance of user roles and permissions. Confirm that security controls safeguard data confidentiality, integrity, and availability while adhering to organizational policies and preventing unauthorized access.
- 3. Review Controlled Substance Procurement Process**  
Examine the controlled substance procurement process to determine compliance with City policies and/or best practices. Assess the accuracy of recorded transactions and the effectiveness of internal controls governing the procurement process.
- 4. Examine Controlled Substance Usage, Storage, Disposal, and the QI/QA Program**  
Evaluate the documentation, compliance, and control mechanisms for using and disposing of controlled substances during 2023 and 2024. Assess the LVFR EMS Quality Improvement/Quality Assurance (QI/QA) Program to determine whether safeguards are in place to prevent misuse, loss, or unauthorized access.
- 5. Review Expired Controlled Substance Disposal Process**  
Review and evaluate the procedures for disposing of expired controlled substances to ensure compliance with applicable regulations and organizational policies. Determine whether sufficient controls are in place to prevent misuse, diversion, or environmental harm.

## SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. This audit was limited to LVFR's controlled substance management activities, information security within the ImageTrend case management system, the procurement process, and compliance with established policies and procedures. Unless otherwise noted, the audit covered the period from January 1, 2023, to December 31, 2024.

This audit did not involve a clinical or medical review of patient care, medical treatment decisions, or provider compliance with medical practice standards. Our audit focused on administrative, operational, and financial controls for controlled substances, procurement, and physical and informational security within LVFR.

Our audit methodology evaluated the adequacy of internal controls, compliance with applicable policies, and the effectiveness of key operational processes. Specifically, we:

- Conducted interviews with LVFR personnel, including management, EMS staff, procurement employees, and system administrators.
- Performed unannounced physical inspections of controlled substance storage sites to assess compliance with handling, security, and disposal requirements.
- Reviewed LVFR's controlled substance policies and SOPs for alignment with DEA and SNHD regulations and considered other city/county fire department practices.
- Evaluated user access controls within the ImageTrend case management system, including user account management, role-based access, and system security settings.
- Conducted testing of purchase order documentation to verify proper authorization, accuracy, and compliance with procurement policies and procedures.
- Reviewed the effectiveness of the LVFR EMS QI/QA Program to prevent fraud, waste, and abuse of controlled substances.
- Examined processes for disposing of expired controlled substances to determine compliance with environmental and security standards and the adequacy of safeguards against misuse or diversion.

The last fieldwork date of this audit was April 21, 2025.

## RESULTS

The results of our audit fieldwork for the five audit objectives are discussed below:

**Objective #1: *Assess the Adequacy of Controlled Substance Policies and Standard Operating Procedures (SOPs)*** Evaluate whether the LVFR controlled substance policies and SOPs are comprehensive and aligned with federal, state, and local regulations. Determine whether the policies adequately address the risks associated with the procurement, storage, handling, and disposal of controlled substances and effectively mitigate potential misuse or noncompliance.

**Conclusion:** LVFR’s controlled substance policy and SOPs are aligned with federal, state, and local regulations, including SNHD protocols. However, we identified three versions of Policy FR510.31, each varying in approval status, content, and operational alignment. **Refer to Finding #1.**

**Objective #2: Evaluate Information Security in the ImageTrend Case Management System**  
*Assess the adequacy of information security controls within the ImageTrend case management system, including reviewing user account management procedures, system administration practices, role-based access configurations, and audit trail functionalities to ensure proper definition, implementation, and maintenance of user roles and permissions. Confirm that security controls safeguard data confidentiality, integrity, and availability while adhering to organizational policies and preventing unauthorized access.*

**Conclusion:** LVFR utilizes ImageTrend as its case management software for documenting fire and EMS incidents. While ImageTrend effectively captures incident details, patient care, medication administration, and waste data, it lacks real-time, city-wide controlled substance tracking and automated reconciliation capabilities. Additionally, we identified areas for improvement in the information security controls surrounding this system, as outlined in **Finding #2.**

**Objective #3: Review Controlled Substance Procurement Process**  
*Examine the controlled substance procurement process to determine compliance with City policies and/or best practices. Assess the accuracy of recorded transactions and the effectiveness of internal controls governing the procurement process.*

**Conclusion:** We reviewed all LVFR controlled substance purchases from January 1, 2023, to December 31, 2024. During our review of the procurement process for controlled substances, discrepancies were identified between data maintained in the City’s financial system (Oracle), data input by Fire Logistics, and data maintained by the EMS Division. **Refer to Finding #3.**

**Objective #4: Examine Controlled Substance Usage, Storage, Disposal, and the QI/QA Program**  
*Evaluate the documentation, compliance, and control mechanisms for using and disposing of controlled substances during 2023 and 2024. Assess the LVFR EMS Quality Improvement/Quality Assurance (QI/QA) Program to determine whether safeguards are in place to prevent misuse, loss, or unauthorized access to controlled substances.*

**Conclusion:** We conducted unannounced inspections at multiple LVFR locations, including six fire stations, to evaluate compliance with controlled substance management policies. During these inspections, no discrepancies were found in inventory counts, security seals, key management, or log records. LVFR maintains a manual, paper-based logbook system for tracking controlled substances; however, this method poses risks to accuracy, efficiency, and real-time inventory oversight. The LVFR EMS QI/QA Program is also a manual process that potentially limits LVFR’s ability to proactively detect anomalies, identify patterns of potential misuse, and facilitate data-driven decision-making in real time. **Refer to Finding #4.**

**Objective #5: Review Expired Controlled Substance Disposal Process** Review and evaluate the procedures for disposing of expired controlled substances to ensure compliance with applicable regulations and organizational policies. Determine whether sufficient controls are in place to prevent misuse, diversion, or environmental harm.

**Conclusion:** Fieldwork conducted on February 11, 2025, confirmed that LVFR maintains a secure, well-documented, and compliant disposal process. We observed the disposal process at the Fire Administration building, which involved the disposal of expired controlled substances accumulated from June 9, 2022, to February 11, 2025. The previous disposal occurred on June 6, 2022. Expired substances were accurately recorded in the LVFR controlled substance logbook, with detailed entries documenting quantities, disposal dates, and personnel signatures. The information was appropriately documented using DEA Form 222.

We verified that 211 vials of midazolam/Versed, 79 vials of ketamine, and 47 vials of fentanyl were properly segregated from active stock, secured, and returned to an approved vendor in accordance with DEA requirements. We found no evidence of misuse, diversion, or environmental harm related to expired controlled substances. The disposal process adheres to DEA and LVFR policy requirements, ensuring compliance with federal regulations and mitigating risks associated with improper handling. **No findings were identified.**

## FINDINGS AND RECOMMENDATIONS

### 1. Improvements Needed in the Policy Update and Approval Process

LVFR relies on Policy FR510.31 to govern the procurement, storage, handling, and disposal of controlled substances. Strong policies ensure compliance with federal, state, and local regulations while preventing misuse, diversion, and operational inefficiencies. Given the critical nature of controlled substances, LVFR policies must be current, approved, posted, and aligned with regulatory standards and actual department operations.

During the audit, we identified three versions of Policy FR510.31, each differing in approval status, content, and operational alignment. The oldest version (effective September 24, 2018) was still posted on LVFR's SharePoint as of December 31, 2024, despite being superseded in practice by two more recent drafts: one dated October 17, 2023, and another that was still pending final approval from the Fire Chief as of the end of our review on December 31, 2024. The most recent draft introduces significant enhancements in security, tracking, and a QI/QA program. The process followed by LVFR in updating FR510.31 resulted in discrepancies between the officially posted policy and the actual operational practices. Delays in formal approval and posting of policies increase the risk of non-compliance, operational inefficiencies, and potential liability.

## **Recommendation**

- 1.1 LVFR management, in accordance with CLV Policy CM601 and union contracts, should review and enhance its policy update and posting process to ensure timely review and approval by the Fire Chief. LVFR should consider a structured, risk-based framework that prioritizes policy updates based on their impact on critical, high, medium, and low-risk functions while continuing the department’s standard annual review of all policies. This will help ensure published policies remain current and aligned with evolving operational needs.

## **2. ImageTrend Case Management Enhancements Needed**

LVFR utilizes the ImageTrend case management system to document fire and medical incidents. While the system effectively captures essential patient care and medication administration data, it lacks real-time tracking and automated reconciliation for controlled substances. Specifically, the system records details such as the date, time, location, patient information, and medication administration or waste, including the name of the substance and the amount; however, it does not capture vial lot numbers or other identifying information necessary to trace the specific controlled substance from “cradle to grave.” The authentication controls are limited to a signature for tracking wasted or non-administered disposal observations. The waste witness verification process does not require login authentication of the witness, which limits accountability. The provider/report writer can choose any name from a drop-down list, and no signature verification match occurs. Furthermore, the witness is not notified in real-time via ImageTrend that their name has been included in the report. It should be noted that LVFR requires that the waste disposal witness be an LVFR paramedic employee, and only LVFR paramedics are authorized to administer controlled substances as the provider.

A review of ImageTrend user access data identified generic accounts and numerous inactive users, some of whom had not logged in for 12 to 24 months or more, thereby increasing the risk of unauthorized access. The system does not currently have two-factor authentication (2FA) enabled and is not integrated with the CLV single sign-on (SSO) system using Okta.

The absence of integration with inventory ordering and tracking, as well as two-factor authentication measures such as 2FA and SSO, coupled with infrequent monitoring and updating of user access permissions tied directly to the CLV Human Resources official database (e.g., API integration with Oracle), may lead to vulnerabilities. These deficiencies may expose LVFR to risks compromising data integrity and confidentiality.

## **Recommendations**

- 2.1 LVFR management should assess ImageTrend’s capabilities to enhance security controls and strengthen controlled substance management. This evaluation should focus on the following key improvements:

- Real-Time Controlled Substance Tracking and Automated Reconciliation – Implement continuous monitoring and automated reconciliation features to enhance accountability and minimize discrepancies.
- Waste Witness Verification – Require individual user authentication via unique login credentials or PIN verification to improve oversight and accountability in medication disposal.
- Role-Based Access Management – Align access permissions with job responsibilities and establish a process for promptly deactivating inactive accounts to reduce security risks.

2.2 LVFR management should collaborate with the City’s Innovation & Technology Department and the ImageTrend vendor to evaluate feasibility, implementation requirements, and timelines for the following enhancements:

- Strengthening Authentication Security – Integrate two-factor authentication (2FA) and single sign-on (SSO) using Okta or a similar enterprise solution, ensuring accessibility for LVFR personnel operating in the field.
- Automating User Account Management – Integrate ImageTrend with HR systems to enable automated provisioning and de-provisioning of user accounts, ensuring timely removal of inactive accounts and reducing unauthorized access risks.
- Establishing Continuous Monitoring Protocols – Implement ongoing monitoring procedures, including quarterly reviews of user access permissions and activity logs, to maintain compliance with security policies and proactively address potential vulnerabilities.

### **3. Improvements Needed in the Procurement Process**

LVFR contracts exclusively with a single vendor for the procurement of controlled substances. As part of this audit, we reviewed the supporting documentation for all controlled substance purchases made from January 1, 2023, through December 31, 2024. A total of 14 purchase transactions occurred during this period.

During our testing, we confirmed that all purchases had been correctly requested and approved, as evidenced by a signed DEA 222 form required for each purchase. The box content lists matched the DEA 222 orders (items and quantities). However, we identified six purchase transactions with irregularities in Oracle, including missing product delivery confirmations, duplicate invoices, and instances where orders were invoiced, credited, and rebilled. Further investigation into these irregularities with the assistance of the CLV Finance Department and LVFR’s Logistics staff revealed the need for improved communication and coordination between Fire Logistics and EMS Operations personnel regarding the ordering and receipt of shipments of controlled substances.

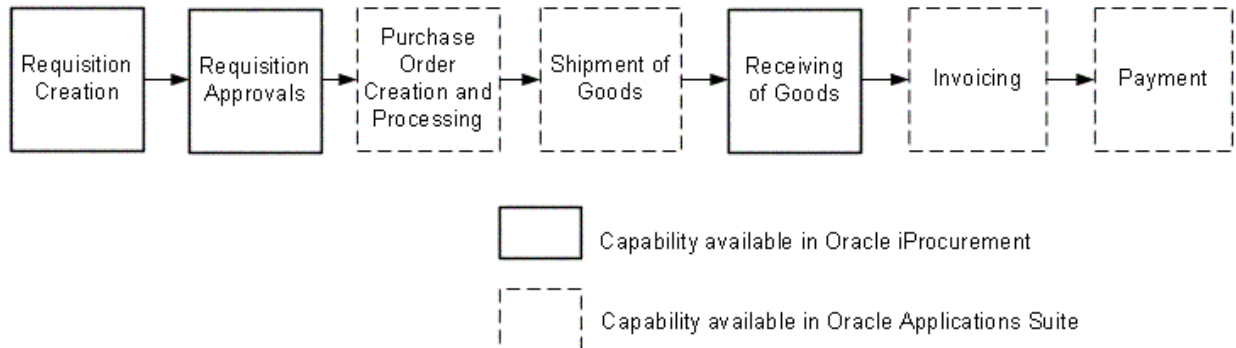
Additionally, there is a need for periodic reconciliation of controlled substances purchased and received to ensure that all controlled substances are accounted for.

We also identified that LVFR staff periodically bypass the City’s standard procurement and payment procedures by utilizing the “PO for Billing Only” option in Oracle to initiate a vendor payment. While permitted for emergency purchases, this should be an infrequent occurrence.

Proper procedures and recordkeeping must be strictly followed in the procurement of controlled substances to prevent loss.

### Recommendations

- 3.1 LVFR management should establish a process to reconcile controlled substance purchase orders with the controlled substances received at least quarterly. This reconciliation should ensure a match between entries in the logbook in the EMS Coordinator/LVFR Administration safe, the DEA 222 Forms, Oracle, and the box content lists.
- 3.2 LVFR management should establish procedures to ensure that staff adhere to the City’s Oracle procurement process (see below) and standards, the DEA’s procurement procedures, and the Medical Director’s guidelines. The “PO for Billing Only” option should be used infrequently.



## 4. Automated Inventory Management System Evaluation Needed

Unannounced inspections were conducted at multiple LVFR locations, including six fire stations, to assess controlled substance management policy compliance. We reviewed inventory records, security seals, lockbox key management, and logbook accuracy to ensure alignment with LVFR policies and regulatory requirements. Additionally, physical inventory counts were cross verified against logbook records.

Three controlled substance safes—two at Station 1 and one at Station 5—were inspected, along with twelve lockboxes assigned to various units, including engines, rescue vehicles, and specialty

apparatus. The inspections found no discrepancies in inventory counts, security seals, key management, or log records.

LVFR relies on a manual, paper-based logbook system to track controlled substances, which poses risks to accuracy, efficiency, and real-time inventory oversight. The system relies on PAR values and manual entries, which limit end-to-end accountability for individual vials from receipt at the Fire Administration building through administration, waste disposal, or shipment to a third-party vendor for destruction due to expiration.

No comprehensive tracking mechanism exists to monitor each vial's unique identifier throughout its lifecycle or pinpoint its exact location at any stage of the process. Tracking is based on the total unit amounts received and expiration dates rather than individual vial identification. As a result, LVFR's inventory reconciliation process does not fully ensure that all controlled substances ordered, received, paid for, administered, and disposed of are accurately accounted for, increasing the risk of misuse, diversion, or compliance deficiencies. The absence of a centralized, real-time electronic tracking system necessitates reliance on manual and ad hoc updates, which limits oversight and reduces operational efficiency.

The LVFR EMS Quality Improvement/Quality Assurance (QI/QA) Program was evaluated for its effectiveness in preventing fraud, waste, and abuse in managing controlled substances. While the QI/QA team conducts a comprehensive review each Monday of all controlled substance administration and waste entries reported by paramedics into ImageTrend, the process remains largely manual. The QI/QA Coordinator manually reviews an automated weekly ImageTrend usage report, stores findings, and tracks their work in a Microsoft Access database developed within the department. No artificial intelligence or advanced analytics technology is used to automate quality assurance processes or to identify real-time trends. This reliance on manual data entry and review limits LVFR's ability to proactively detect anomalies, identify patterns of potential misuse, and perform data-driven decision-making.

Reliance on manual tracking and reconciliation processes presents significant risks to LVFR's controlled substance management. Human errors, data inconsistencies, and inefficient reconciliation methods hinder the ability to ensure accountability for all controlled substances ordered, received, administered, and disposed of. Without automated alerts or trend analysis, identifying potential misuse or diversion is delayed, thereby heightening the risks associated with operational inefficiencies or errors.

## **Recommendation**

- 4.1 LVFR management should evaluate the feasibility of purchasing an automated controlled substance management system that would improve security, accuracy, and compliance in the oversight of controlled substances. This evaluation should include a cost-benefit analysis and consideration of the efficiencies and risk reductions that could be achieved through an automated system.

Key system evaluation criteria should include:

- Lifecycle tracking from ordering and receipt through administration, waste disposal, or return to a third-party disposal vendor due to expiration.
- Automated reconciliation of controlled substances from “cradle to grave” to ensure accurate inventory counts and to flag discrepancies for further review.
- Exception-based alerts for anomalies, such as missing doses or unusual administration patterns.
- Integrated documentation workflow to streamline automated approvals between LVFR, the Medical Director, CLV Finance, and vendors.
- Advanced security measures that integrate with the software, including electronic safe locks, biometric controls, and video monitoring.
- Compliance with DEA recordkeeping requirements for audit readiness and regulatory adherence.
- Integration with other CLV and LVFR information technology systems.

## MANAGEMENT RESPONSE

### 1. Improvements Needed in the Policy Update and Approval Process

- 1.1 LVFR management, in accordance with CLV Policy CM601 and union contracts, should review and enhance its policy update and posting process to ensure timely review and approval by the Fire Chief. LVFR should consider a structured, risk-based framework that prioritizes policy updates based on their impact on critical, high, medium, and low-risk functions while continuing the department's standard annual review of all policies. This will help ensure published policies remain current and aligned with evolving operational needs.

#### Management Action Plan

Las Vegas Fire & Rescue (LVFR) agrees with the fundamental premise of this recommendation—that clearly documented, up-to-date policies are critical for regulatory compliance, operational alignment, and accountability. We appreciate the audit's focus on the importance of strong internal controls, particularly concerning the procurement, storage, handling, and disposal of controlled substances. However, it is important to emphasize that LVFR has already implemented a comprehensive and structured methodology to address this concern. A core leadership principle of this administration is the deliberate solicitation of input from those performing the work. This inclusive approach has already yielded tangible results, including the completion of the department's first annual review of its Standard Operating Procedures (SOPs) in 2023. This effort was both exhaustive and foundational, establishing a culture and infrastructure for continuous procedural improvement.

#### *Ongoing Policy Review Framework*

LVFR utilizes a hybrid policy management process that combines annual comprehensive reviews with an escalation pathway for critical, time-sensitive changes. The cornerstone of this framework is the Procedural Champion model, where designated personnel with subject matter expertise lead policy review efforts. The process is inclusive and relies on frontline feedback submitted through the chain of command. Captains and Supervisors are tasked with reviewing and vetting all proposals, ensuring they are complete before being submitted to Procedural Champions. Those Champions review submissions, seek clarification where needed, and determine whether the proposal should be escalated to Executive Staff. This process is not only structured and systematic but also risk-informed, as SOPs affecting high-risk or compliance-critical operations—such as controlled substance handling—are prioritized and subject to additional scrutiny and review. Moreover, Executive Staff reviews all proposed and non-adopted changes, ensuring leadership oversight and consistent implementation.

### *Timely Implementation of Critical Changes*

Recognizing that not all updates can be deferred to an annual review cycle, LVFR also adheres to the procedures outlined in LVFR Memorandum #9 (2022), which governs out-of-cycle SOP changes. This mechanism ensures that urgent updates—especially those with implications for compliance or public safety—can be fast-tracked through a documented process that includes Executive Staff review, Fire Chief approval, and formal notification to the bargaining unit as required under the Collective Bargaining Agreement (CBA).

### *Addressing the Specific Concern Regarding Policy FR510.31*

LVFR acknowledges the audit's finding that multiple versions of Policy FR510.31 were discovered. This anomaly stemmed from overlapping processes during our broader SOP revision effort. The version dated October 17, 2023, introduced substantial improvements aligned with DEA and industry best practices, including enhanced inventory tracking and QI/QA mechanisms. We are pleased to confirm that the final version of Policy FR510.31 has since been approved by the Fire Chief, shared with the Union in accordance with Article 9.I of the CBA, and officially posted on the department's SharePoint site for department-wide access and implementation.

### *Conclusion*

LVFR believes that our current policy management approach—founded on engagement, structure, and risk awareness—effectively addresses the core concerns raised in this recommendation. We remain committed to the continuous refinement of this framework and welcome continued auditor engagement to strengthen our internal controls. We are proud of the effort already undertaken by our members and Executive Staff to modernize and align our policies, and we encourage all personnel to stay engaged as we strive to build a culture of transparency, consistency, and operational excellence.

**Estimated Date of Completion:** January 2025

## **2. Image Trend Software Security Enhancements Needed**

2.1 LVFR management should assess ImageTrend's capabilities to enhance security controls and strengthen controlled substance management. This evaluation should focus on the following key improvements:

- Real-Time Controlled Substance Tracking and Automated Reconciliation – Implement continuous monitoring and automated reconciliation features to enhance accountability and minimize discrepancies.
- Waste Witness Verification – Require individual user authentication via unique login credentials or PIN verification to improve oversight and accountability in medication disposal.

- Role-Based Access Management – Align access permissions with job responsibilities and establish a process for promptly deactivating inactive accounts to reduce security risks.

**Management Action Plan:**

LVFR management recognizes the importance of strengthening security controls around controlled substance management and is actively evaluating ImageTrend’s capabilities to support these enhancements. Below is our current progress on each recommendation:

*1. Real-Time Controlled Substance Tracking and Automated Reconciliation*

LVFR is collaborating with ImageTrend to determine whether its software platform supports real-time tracking and automated reconciliation of controlled substances. This capability would improve accountability and streamline reporting. As part of this evaluation, we are also exploring integration with existing workflows to ensure operational feasibility and compliance.

*2. Waste Witness Verification*

ImageTrend is developing a functionality that supports improved witness verification during narcotic waste disposal. The system will send an automated email to the designated witness confirming their participation. If the individual did not serve as a witness, the email will provide clear instructions for corrective action. This feature will enhance transparency, reinforce chain-of-custody integrity, and reduce the risk of falsified entries. Until the vendor develops the technology, the 40-hour EMS coordinator will review and email those who witnessed a narcotic waste with the same information as listed above.

*3. Role-Based Access Management*

To strengthen access control and reduce security risks:

- EMS Coordinators are responsible for deactivating user accounts when employees separate from the organization.
- Password expirations have been implemented. Any account inactive for 180 days will automatically require password reset authorization through the on-duty EMS Coordinator before access is restored.

Given the operational need for all responding personnel to appear on patient care records—even those who do not regularly complete reports, LVFR has opted to retain these users in the system. The password expiration mechanism ensures dormant accounts do not pose a security risk while maintaining essential system functionality.

LVFR remains committed to continuously improving the integrity of its controlled substance tracking systems. We will continue to assess ImageTrend’s capabilities and implement features that align with our operational, legal, and security requirements.

**Estimated Date of Completion:** January 2026

2.2 LVFR management should collaborate with the City's Innovation & Technology Department and the ImageTrend vendor to evaluate feasibility, implementation requirements, and timelines for the following enhancements:

- Strengthening Authentication Security – Integrate two-factor authentication (2FA) and single sign-on (SSO) using Okta or a similar enterprise solution, ensuring accessibility for LVFR personnel operating in the field.
- Automating User Account Management – Integrate ImageTrend with HR systems to enable automated provisioning and de-provisioning of user accounts, ensuring timely removal of inactive accounts and reducing unauthorized access risks.
- Establishing Continuous Monitoring Protocols – Implement ongoing monitoring procedures, including quarterly reviews of user access permissions and activity logs, to maintain compliance with security policies and proactively address potential vulnerabilities.

**Management Action Plan:**

LVFR acknowledges the importance of improving authentication security, automating user account management, and establishing continuous monitoring protocols to bolster our system's security and ensure compliance. We are committed to working closely with the City's Innovation & Technology Department and the ImageTrend vendor to evaluate the proposed enhancements' feasibility, implementation requirements, and timelines.

Below is our action plan:

*1. Strengthening Authentication Security*

LVFR is actively exploring options to integrate two-factor authentication (2FA) and Single Sign-On (SSO) using solutions like Okta or equivalent enterprise-level tools. Our goal is to balance security enhancements with operational efficiency. While traditional 2FA, such as using a YubiKey, may not be feasible due to the use of shared tablets in the field, we are exploring alternative methods that minimize disruption to patient care. We are researching 2FA solutions that are less time-consuming and do not require additional electronics for providers in the field.

*2. Automating User Account Management*

To improve efficiency and reduce security risks, LVFR is working to integrate ImageTrend with HR systems to enable automated user account provisioning and de-provisioning. This would ensure that accounts for employees who have separated from the organization are promptly and accurately deactivated, mitigating the risk of unauthorized access. Currently, the EMS Coordinators are responsible for manually deactivating accounts when notified of an employee's separation by the department's Management Analyst. While we are discussing the possibility of

automating this process with ImageTrend, we recognize that the vendor may face technical challenges in fully accommodating this request. We will continue to collaborate with them to explore potential solutions and improve this process.

### 3. Establishing Continuous Monitoring Protocols

To ensure compliance with security policies and proactively address vulnerabilities, LVFR is implementing structured continuous monitoring protocols. As part of this effort, quarterly reviews of user access permissions will be conducted to ensure role-based access remains current and appropriate—particularly following promotions or reassignment. This includes an existing process where EMS Coordinators review access for personnel promoted to Captain and Battalion Chief. Additionally, LVFR is evaluating ImageTrend’s capabilities to support routine activity log monitoring to detect unusual access patterns or potential security risks. These measures will provide greater oversight and ensure our systems remain aligned with both operational responsibilities and security best practices.

**Estimated Date of Completion:** January 2026

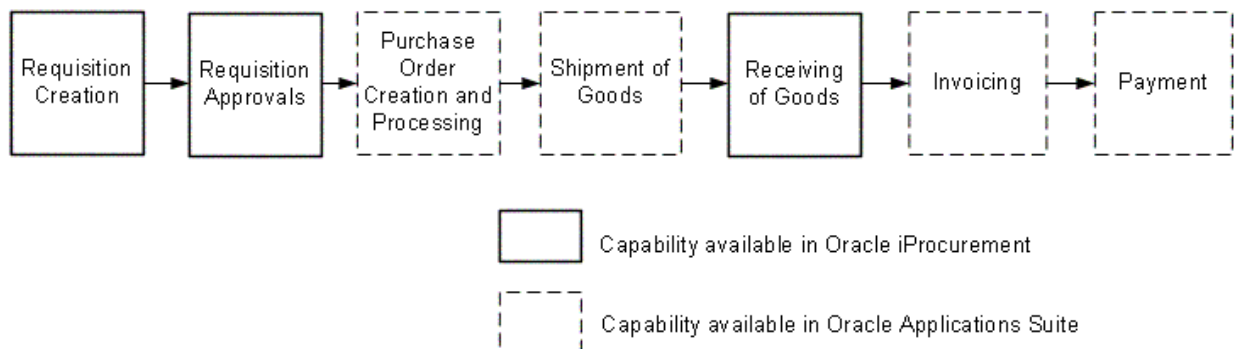
### 3. Improvements Needed in the Procurement Process

3.1 LVFR management should establish a process to reconcile controlled substance purchase orders with the controlled substances received at least quarterly. This reconciliation should ensure a match between entries in the logbook in the EMS Coordinator/LVFR Administration safe, the DEA 222 Forms, Oracle, and the box content lists.

**Management Action Plan:** Please see detailed plan from the Logistics Division [below](#).

**Estimated Date of Completion:** April 2025

3.2 LVFR management should establish procedures to ensure that staff adhere to the City’s Oracle procurement process (see below) and standards, the DEA’s procurement procedures, and the Medical Director’s guidelines. The “PO for Billing Only” option should be used infrequently.



### **Management Action Plan:**

Las Vegas Fire & Rescue (LVFR) acknowledges the importance of adhering to all applicable procurement standards, including City financial protocols, DEA regulations, and directives from our Medical Director. To ensure consistency, transparency, and compliance, LVFR has implemented a structured narcotics procurement procedure. This process integrates Oracle iProcurement for financial transactions, enforces strict handling of DEA 222 forms, and limits the use of “PO for billing only” to exceptional cases. The outlined procedure supports accountability across all stages—from order initiation to invoice reconciliation.

#### Revised Narcotics Ordering & Processing Procedure

1. Notification of Need
  - Notification for narcotics orders will come from the Medical Director, the EMS Battalion Chief, or the EMS Battalion Chief designee.
  - Logistics must be notified at least three (3) days before the 222 form (manual or electronic) is created.
2. Quote & Requisition Process
  - Upon notification, Logistics will request a price quote from Henry Schein.
  - A requisition will then be created for the purchase order (PO).
3. PO Assignment & Documentation
  - Once a PO number is assigned, Logistics will notify the requesting individual.
  - For paper 222 forms:
    - A post-it note will be attached to the form for the vendor (Henry Schein’s Verification Department), indicating the PO number to reference on the invoice.
    - A copy of the paper 222 form will be filed at the Logistics Warehouse.
  - For electronic 222 forms:
    - The PO number will be entered at the time of filing.
    - An electronic copy will be sent to the Logistics Warehouse for filing.
4. Receipt & Verification
  - Upon receipt, signed paperwork will be forwarded to the Logistics Warehouse.
  - Any discrepancies must be reported to Logistics immediately.
  - Logistics will receive the narcotics in Oracle iProcurement based on the paperwork received.
  - Invoices will be matched with 222 forms before filing.
5. Record-Keeping
  - A separate folder will be maintained for the vendor (Henry Schein) narcotics paperwork.
  - To the extent possible, we will minimize the use of "PO for billing only" orders moving forward.

**Estimated Date of Completion:** April 2025

#### **4. Automated Inventory Management System Evaluation Needed**

- 4.1 LVFR management should evaluate the feasibility of purchasing an automated controlled substance management system that would improve security, accuracy, and compliance surrounding the oversight of controlled substances. This evaluation should include a cost-benefit analysis and consideration of the efficiencies and risk reductions that could be achieved through an automated system.

Key system evaluation criteria should include:

- Lifecycle tracking from ordering and receipt through administration, waste disposal, or return to a third-party disposal vendor due to expiration.
- Automated reconciliation of controlled substances from “cradle to grave” to ensure accurate inventory counts and to flag discrepancies for further review.
- Exception-based alerts for anomalies, such as missing doses or unusual administration patterns.
- Integrated documentation workflow to streamline automated approvals between LVFR, the Medical Director, CLV Finance, and vendors.
- Advanced security measures that integrate with the software, including electronic safe locks, biometric controls, and video monitoring.
- Compliance with DEA recordkeeping requirements for audit readiness and regulatory adherence.
- Integration with other CLV and LVFR information technology systems.

#### **Management Action Plan**

LVFR EMS has initiated the evaluation process by meeting with one vendor to better understand available system capabilities, implementation requirements, and cost estimates. Preliminary figures suggest the full deployment of such a system could exceed \$1 million, depending on the selected solution, number of units deployed, and level of integration required.

As part of the ongoing assessment, we are taking the following steps:

- Vendor and Capability Review: We will engage additional vendors to compare features, security controls, integration potential, and support services.
- Scalability and Phased Implementation: We are exploring options for phased implementation to align with budget constraints and operational demands, focusing on high-priority units or locations first.
- Cost-Benefit Analysis: A formal cost-benefit analysis will evaluate potential risk reduction, labor savings, compliance improvements, and long-term value.
- System Evaluation Criteria: Our assessment will incorporate key criteria, including:
  - Full lifecycle tracking from procurement to disposal;
  - Automated reconciliation and exception-based alerts for discrepancies;

Audit of Fire and Rescue Department  
Controlled Substances Inventory Management  
FR006-2425-04  
June 26, 2025

- Streamlined approval workflows involving LVFR, the Medical Director, CLV Finance, and vendors;
- Integration with existing CLV and LVFR systems;
- DEA compliance readiness;
- Security features such as biometric access, electronic safe locks, and optional video monitoring.

**Estimated Date of Completion:** Fiscal Year 2028



# Why This Audit is Important

**RJ** Las Vegas Review-Journal

## Clark County fire captain accused of stealing fentanyl from station

Christopher Burr, 42, was arrested on Feb. 12 and booked on one count of burglary of a business and another of misconduct of a public...



**EMS1**

## Fla. EMS chief fired amid stolen drugs investigation

Monroe County Fire Rescue fired the head of its helicopter ambulance department Friday following her indictment last month in connection with an investigation...

Sep 30, 2024

## St. Mary's County, MD, EMS Chief Arrested for Stealing Drugs from Medic Bags

Thomas P. Raley, 39, who faced similar charges six years ago, reportedly took fentanyl out of jump bags and EMS facilities.

**4** KRON4

## San Jose fire captain's drug thefts left patients in pain: DA

(KRON) – Prosecutors charged a veteran San Jose Fire Department captain with stealing drugs from his own fire department.

1 month ago



Submitted at Meeting  
Date: 07/21/2025 Item: 5  
By Staff

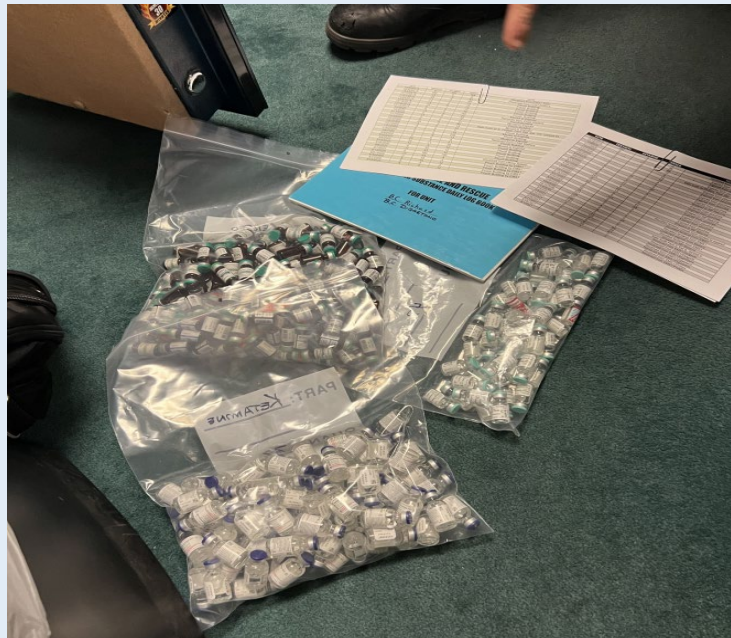


## Background

- LVFR Emergency Medical Services (EMS) Division manages EMS operations and oversees compliance with the EMS Standard Operating Procedures (SOPs) – 500 Series, which includes SOP FR510.31, governing the department’s controlled substance program.
- LVFR paramedics administer fentanyl, ketamine, and midazolam/Versed under regulatory controls. LVFR procures these controlled substances from a single external vendor, based on Periodic Automated Replenishment (PAR) levels set by the Medical Director, to ensure availability while minimizing waste due to expiration.
- ImageTrend software is used for documenting fire and EMS incidents, as well as medication administration.
- LVFR uses written logbooks to track controlled substances from the time they are received until administered or wasted in the field or until they have reached their expiration date and returned to a 3<sup>rd</sup> party disposal vendor.



# Background (Photos)



### SHIFT CHANGE EXAMPLE: LVFR CONTROLLED SUBSTANCE LOGBOOK

Date	Time	Shift Change	Substance Use	Container Rebuild	SIGNATURE		EMSH	EMSH	Incident #	Re-Seal Witness (BLS or ALS)	EMSH	# Paramedic	# Paramedic	Controlled Substance Seal #
					QI-coming Paramedic	DEF-going Paramedic								
3/4/24	700	X												#24680
3/4/24	700	X												#24680
3/6/24	655	X												#24680

### SUBSTANCE USE EXAMPLE: LVFR CONTROLLED SUBSTANCE LOGBOOK

Date	Time	Shift Change	Substance Use	Container Rebuild	SIGNATURE		EMSH	EMSH	Incident #	Re-Seal Witness (BLS or ALS)	EMSH	# Paramedic	# Paramedic	Controlled Substance Seal #
					QI-coming Paramedic	DEF-going Paramedic								
3/8/24	655	X												#13579
3/8/24	810	X												#12345

### CONTAINER REBUILD EXAMPLE: LVFR CONTROLLED SUBSTANCE LOGBOOK

Date	Time	Shift Change	Substance Use	Container Rebuild	SIGNATURE		EMSH	EMSH	Incident #	Re-Seal Witness (BLS or ALS)	EMSH	# Paramedic	# Paramedic	Controlled Substance Seal #
					QI-coming Paramedic	DEF-going Paramedic								
3/8/24	810	X												#13579
3/8/24	1400	X												#12345



# Objectives

## Our audit objectives were to:

1. Assess the Adequacy of Controlled Substance Policies and SOPs
2. Evaluate Information Security in the ImageTrend Case Management System
3. Review Controlled Substance Procurement Process
4. Examine Controlled Substance Usage, Storage, Disposal, and the QI/QA Program
5. Review Expired Controlled Substance Disposal Process



## Key Audit Results

The audit identified no discrepancies in inventory counts, confirmed that medications were stored securely, and verified that expired controlled substances were adequately disposed of. These findings reflect LVFR's commitment to maintaining high standards with controlled substance inventory management. Opportunities for improvement and recommendations are noted in the following four findings:

### **1. Improvements Needed in the Policy Update and Approval Process**

- **1.1** LVFR management, in accordance with CLV Policy CM601 and union contracts, should review and enhance its policy update and posting process to ensure timely review and approval by the Fire Chief. LVFR should consider a structured, risk-based framework that prioritizes policy updates based on their impact on critical, high, medium, and low-risk functions while continuing the department's standard annual review of all policies. This will help ensure published policies remain current and aligned with evolving operational needs.



# Key Audit Results

## 2. ImageTrend Case Management Enhancements Needed

- **2.1** LVFR management should assess ImageTrend’s capabilities to enhance security controls and strengthen controlled substance management. This evaluation should focus on the following key improvements:
  - Real-Time Controlled Substance Tracking and Automated Reconciliation – Implement continuous monitoring and automated reconciliation features to enhance accountability and minimize discrepancies.
  - Waste Witness Verification – Require individual user authentication via unique login credentials or PIN verification to improve oversight and accountability in medication disposal.
  - Role-Based Access Management – Align access permissions with job responsibilities and establish a process for promptly deactivating inactive accounts to reduce security risks.



# Key Audit Results

## 2. ImageTrend Case Management Enhancements Needed

- **2.2** LVFR management should collaborate with the City's Innovation & Technology Department and the ImageTrend vendor to evaluate feasibility, implementation requirements, and timelines for the following enhancements:
  - **Strengthening Authentication Security** – Integrate two-factor authentication (2FA) and single sign-on (SSO) using Okta or a similar enterprise solution, ensuring accessibility for LVFR personnel operating in the field.
  - **Automating User Account Management** – Integrate ImageTrend with HR systems to enable automated provisioning and de-provisioning of user accounts, ensuring timely removal of inactive accounts and reducing unauthorized access risks.
  - **Establishing Continuous Monitoring Protocols** – Implement ongoing monitoring procedures, including quarterly reviews of user access permissions and activity logs, to maintain compliance with security policies and proactively address potential vulnerabilities.



## Key Audit Results

### 3. Improvements Needed in the Procurement Process

- **3.1** LVFR management should establish a process to reconcile controlled substance purchase orders with the controlled substances received at least quarterly. This reconciliation should ensure a match between entries in the logbook in the EMS Coordinator/LVFR Administration safe, the DEA 222 Forms, Oracle, and the box content lists.
- **3.2** LVFR management should establish procedures to ensure that staff adhere to the City's Oracle procurement process (see below) and standards, the DEA's procurement procedures, and the Medical Director's guidelines. The "PO for Billing Only" option should be used infrequently.



## Key Audit Results

### 4. Automated Inventory Management System Evaluation Needed

- **4.1** LVFR management should evaluate the feasibility of purchasing an automated controlled substance management system that would improve security, accuracy, and compliance in the oversight of controlled substances. This evaluation should include a cost-benefit analysis and consideration of the efficiencies and risk reductions that could be achieved through an automated system.



# Questions

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF COMMUNITY DEVELOPMENT DEPARTMENT BUSINESS LICENSING COMPLIANCE SECTION**

**Report CD001-2425-05**

**June 26, 2025**

## EXECUTIVE SUMMARY

### Why this Audit is Important

The City's Business Licensing Division (Business Licensing) of the Department of Community Development has a Business Licensing Compliance Section (Compliance Section). The focus of the Compliance Section is to educate business owners on how to appropriately comply with the business licensing regulations and when violations are identified, to help bring businesses into compliance. During calendar year 2024, the Compliance Section completed 4,552 field inspections. With this amount of activity and the interaction the license officers have with the public, it is important that management have readily accessible and detailed information on the performance of the Compliance Section for appropriate oversight of this function and to be able to share the accomplishments of this group with City management and elected officials. This audit identified opportunities for improving the information that is available to management, as well as procedural and system security improvements that are needed.

### Key Audit Results

- Additional and more readily accessible performance measurements are needed on the activities of the Compliance Section for management decision making, employee performance evaluation, and the communication of their accomplishments.
- Fees and fines are being correctly assessed in accordance with the municipal code.
- Unpaid fines and penalties are not being sent to the collection agency in accordance with the department's policy and improved documented procedures on this process are needed.
- Improved communication and coordination are needed between license officers and Fire Prevention staff to help get fourplex license applicants licensed.
- System access permission changes were not made timely for a license officer who separated from employment with the City and another license officer who transferred out of the Compliance Section. Timely communication of license officer employment changes is needed with the Infor system administrator to ensure system permissions are changed.
- The license officers currently work one standard shift, Monday through Thursday and participate in a monthly weekend evening inspection, also referred to as a sweep. Certain businesses whose operations are primarily in the evenings and on the weekends may not get sufficient attention by the Compliance Section.

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**AUDIT OF COMMUNITY DEVELOPMENT DEPARTMENT  
BUSINESS LICENSING COMPLIANCE SECTION  
Report CD001-2425-05**

**BACKGROUND**

The City's Business Licensing Division (Business Licensing) of the Department of Community Development has a Business Licensing Compliance Section (Compliance Section). The Compliance Section is comprised of a manager (currently vacant), two senior license officers, and seven license officers. These license officers have authority to regulate and enforce Title 6 of the Las Vegas Municipal Code, *Business Taxes, Licenses and Regulations*, as well as certain provisions of Title 9 *Health and Safety*, Title 12 *Special Events and Filming Activity*, and Title 16.22 *Non-Transient Lodging Properties*.

The focus of the Compliance Section is to educate business owners on how to appropriately comply with the business licensing regulations and where violations exist, to help bring businesses into compliance. These officers can issue courtesy notices, correction notices, and violation notices. Re-inspection fees and civil fines can be assessed in conjunction with these notifications. In addition, if compliance is not achieved, a license officer may issue a criminal citation.

Each license officer is assigned to oversee inspections in a specific area of the City. The license officers work Monday through Thursday, 6:30/7:00 a.m. to 5:00/5:30 p.m. In addition, the Compliance Section conducts evening inspections focused on specific business types once a month in conjunction with other City departments/divisions (e.g., City Marshals) and/or local government agencies (e.g., Health District, Las Vegas Metropolitan Police Department).

License officers conduct inspections originating from:

- Citizen complaints
- City Council requests
- Privileged license applications
- Temporary license applications
- Other government agency referrals
- License denials
- License officer initiated inspections
- Internal research

License officers are assigned vehicles, laptops, tablets, and phones to complete their work. They utilize a software known as Infor for documenting their work.

During calendar year 2024, the Compliance Section completed 4,552 field inspections.

**AUDIT TEAM**

Bryan L. Smith, CPA, CFE, City Auditor  
James Burnett, CIA, Senior Internal Auditor

## **OBJECTIVES**

Our audit objectives were as follows:

1. Evaluate the adequacy of the performance measurements and metrics being tracked by the Compliance Section, as well as the performance reports available to City management and council members.
2. Determine whether fees and fines are being assessed in accordance with the municipal code.
3. Determine whether uncollected amounts are being forwarded to the collections agency in accordance with policy.
4. Review and evaluate the cause of an operational inefficiency identified by license officers related to fire prevention inspections of fourplex license applications.
5. Determine whether Infor system permissions for Compliance Section staff are appropriate for their positions and whether access to INFOR is being appropriately changed when staff change positions within the department, transfer to another department, or terminate employment with the City.
6. Evaluate the adequacy of the work shifts of the license officers to fulfill their responsibilities.

## **SCOPE AND METHODOLOGY**

The scope of our work was limited to the management controls within the context of the audit objectives. Our testing of the assessment and calculation of fees and fines was limited to billing statements for the months of October, November, and December 2024.

Our audit methodology included:

- Review of applicable sections of the City’s municipal code.
- Review of documented policies and procedures.
- Review of key performance metrics and reports.
- Interviews with Community Development management and Compliance Section staff.
- Interview with a Fire Prevention staff.
- Ride-along with a license officer.
- Review of inspection cases within Infor.
- Recalculation of fees and fines issued by the Compliance Section.
- Review of process for submittal of fines and fees to the collection agency.
- Review of system access permissions of Compliance Section staff.
- Comparison of work shifts with other business licensing compliance offices within Nevada government agencies.

The last fieldwork date of this audit was April 22, 2025.

## RESULTS

The results of our audit fieldwork for each of our audit objectives are discussed below:

1. *Evaluate the adequacy of the performance measurements and metrics being tracked by the Compliance Section, as well as the performance reports available to City management and council members.*

We identified the need for additional and more readily accessible performance metrics on the Compliance Section's activities. **See Finding #1.**

2. *Determine whether fees and fines are being assessed in accordance with the municipal code.*

We tested the accuracy of the re-inspection fees and civil fines assessed during the period from October through December 2024. We found that these fees and fines are being correctly assessed in accordance with the municipal code.

3. *Determine whether uncollected amounts are being forwarded to the collections agency in accordance with policy.*

Our testing identified that unpaid fines are not being sent to the collection agency in accordance with policy and that the Compliance Section's documented procedures do not adequately address when fees should be sent to the collection agency and the process for submitting fees and fines to the collection agency. **See Finding #2.**

4. *Review and evaluate the cause of an operational inefficiency identified by license officers related to fire prevention inspections of fourplex license applications.*

In our discussions with license officers, they expressed concern with fourplex business license applicants having to re-start the application process after fire prevention officers fail an inspection due to not being able to make contact with the applicant. **See Finding #3.**

5. *Determine whether Infor system permissions for Compliance Section staff are appropriate for their positions and whether access to INFOR is being appropriately changed when staff change positions within the department, transfer to another department, or terminate employment with the City.*

In our testing of Infor system permissions, we identified that a license officer who had separated from employment with the City still had Infor access. In addition, we identified another license officer who had transferred out of the Compliance Section but retained their same Infor system access permissions. System permissions for the other Compliance Section staff were found to be appropriate for their positions. **See Finding #4.**

6. *Evaluate the adequacy of the work shifts of the license officers to fulfill their responsibilities.*

The license officers currently work one standard shift, Monday through Thursday and participate in a monthly weekend evening inspection, also referred to as a sweep. Certain businesses whose operations are primarily in the evenings and on the weekends may not get sufficient attention by the Compliance Section. **See Finding #5.**

## FINDINGS AND RECOMMENDATIONS

### 1. Improved Performance Metrics and Reporting Needed

Business Licensing has various standard activity reports that can be generated using Infor system data. A regularly used report known as the *Business License Stats* report includes some key performance metrics on the Compliance Section including the following:

Number of:

- Business license field inspections
- Business license inspections resulted within 10 business days
- Business license complaints resolved within 5, 15, and 30 days
- Identified unlicensed businesses resolved within 90 business days
- Temporary licenses inspected within 10 business days
- Warning notices issued and complied with
- Citations issued and complied

Several of these metrics are incorporated into a weekly Business Licensing report. Other metrics are obtained as needed or requested through ad-hoc reports generated from Infor with the help of the Department of Innovation and Technologies (IT).

Additional and more readily accessible performance metrics on the Compliance Section's activities would benefit management decision making, employee performance evaluation, and the communication of their accomplishments.

Additional performance metrics could include the following:

- Type of inspections completed
- Number of inspections by license officer areas or ward
- Business types inspected
- Origin of inspections
- Amount of fees and fines assessed and collected by the City
- Amount of fines and fees sent to the collection agency and successful collections
- Number of businesses without a current license that were brought into compliance
- Results of evening inspections/sweeps

No information on the Compliance Section's performance is currently available on the City's Transparency website. Data on the inspections of the City's Code Enforcement division and the restaurant inspections of the Southern Nevada Health District is available on the City's website.

## Recommendations

- 1.1 Business Licensing management should evaluate what performance metrics in addition to those already tracked would be most useful for department management, City management, and council members.
- 1.2 Business Licensing management working with IT should make Compliance Section performance metrics more readily accessible online and/or through regularly produced reports.
- 1.3 Business Licensing management should evaluate what data could be shared on the City's transparency website.

## 2. Unpaid Fines and Fees Not Timely Sent to Collections

Per section 6.02.450 of the Las Vegas Municipal Code:

*If a person fails to respond to a Notice of Violation or a Notice of Delinquency in accordance with this Chapter, the City is entitled to collect the amount of any fines and penalties by means of any remedy available under applicable law, including without limitation referring the matter to a collection agency.*

The Compliance Section procedure manual states that *civil penalties/fines* outstanding more than 75 days since the first Notice of Violation are to be assigned to the collection agency used by Business Licensing. The procedure manual does not address when *fees* should be assigned to the collection agency.

As of February 20, 2025, there were a total of \$11,049 in fines associated with six cases that should but have not been assigned to the collection agency in accordance with this policy. In addition, there were a total of \$3,234 in fees greater than 75 days past due that have not been sent to collections.

The Compliance Section procedure manual does not adequately address the following aspects of the process for submitting fees and fines to the collection agency:

- The employee(s) responsible for identifying fees and fines to be submitted to the collection agency.
- The employee(s) responsible for providing information to the collection agency and the procedures involved in that process.
- The point at which fees should be submitted to the collection agency.
- The information to be input into the Infor system identifying that the fees and fines have been submitted to the collection agency.

## Recommendations

- 2.1 Business Licensing management should improve their documented procedures regarding the compliance fines and fees collection process including addressing those points identified in this finding.
- 2.2 Business Licensing management should implement these improved procedures and determine what existing fines and fees should be assigned to the collection agency.

### 3. Improved Coordination Needed with Fire Prevention Inspectors

On April 21, 2021, the City Council passed a bill that changed the definition of an apartment house to include structures with four or more apartment dwelling units (fourplex). Therefore, these fourplexes now require a business license.

Since the adoption of this bill, the license officers have spent much time and effort trying to get the owners of these fourplexes licensed. As of February 25, 2025, 556 fourplexes have been licensed, 44 have pending applications, and 107 remain unlicensed. One of the challenges in getting the owners of these fourplexes to obtain a license is identifying contact information for the owners.

Once a fourplex owner applies for a business license and a license officer has completed an inspection, a City fire prevention officer attempts to contact the fourplex owner to schedule a fire inspection. If the fire prevention officer is not able to reach the fourplex owner after multiple attempts, the fire inspection is failed and the fourplex owner must re-start the business license application process. These types of failures are frustrating for the license officers considering their prior efforts to get in contact with fourplex owners and get them to begin the licensing process.

Based on discussions with license officers and a fire prevention supervisor, they believe these type of failures can be avoided through improved coordination and communication between the license officers and fire prevention inspectors.

A handout provided by license officers to fourplex apartment license applicants states the following:

*Business License applications are sent to the Planning Department and Fire Department for review and inspection, if applicable. Upon approval from these agencies and completion of all items listed above, the Business Licensing Division will issue your business license.*

This verbiage lacks adequate direction to business license applicants on their responsibility to work with the Fire Department to get a fire inspection scheduled and the consequences if it is not completed.

## **Recommendations**

- 3.1 Business Licensing management should work with Fire Prevention management in improving the communication and coordination with Compliance Section staff in scheduling fire inspections of fourplex apartments.
- 3.2 Business Licensing management should update its fourplex apartment license handout to include additional information to applicants on the need to have a fire inspection and that process.

## **4. Timely System Access Permission Change Notifications Needed**

The Compliance Section utilizes the software Infor for documenting its inspections. License officers are assigned specific access permissions based on their job responsibilities. The Infor System Administrator is an IT employee.

We reviewed the system access permissions of Compliance Section staff as of December 9, 2024. In addition, we reviewed whether system access permissions had been appropriately terminated or changed for Compliance Section staff who had separated from employment or transferred from the Section during calendar year 2024.

Based on our testing, we identified the following:

- One license officer who separated from employment with the City still had Infor access. Per discussions with the Infor System Administrator, he was aware of the separation but didn't make the change promptly. The change was made upon bringing this to his attention.
- One license officer who transferred out of the Compliance Section but remained within the Business Licensing Division still had their previous system access permissions. The Infor System Administrator had not been made aware of this transfer by Business Licensing management. The system access permissions were subsequently changed.

While the Infor System Administrator is notified of employees who separate from employment with the City, he is not immediately made aware of employee position changes within a department or the transfer of an employee to another department. Business Licensing does not have a process for notifying the Infor System Administrator of these changes.

While the Infor System Administrator formally requests that department management review and confirm the appropriateness of Infor system access permissions annually, Business Licensing does not have a process for confirming that system access changes are made following a change in an employee's position.

## Recommendations

- 4.1 Business Licensing management should document and implement a process for notifying the Infor System Administrator when an employee's job responsibilities change requiring a change in their Infor system access permissions.
- 4.2 Business Licensing management should document and implement a process for confirming that Infor system access permissions have been changed by the Infor System Administrator immediately following an employee's separation, transfer, or job responsibility change.

## 5. Need for Evaluation of Adequacy of Inspection Shift Coverage

License officers currently work a standard shift of Monday through Thursday, 6:30/7:00 a.m. to 5:00/5:30 p.m. In addition, several license officers conduct Friday or Saturday evening inspections (aka sweep) once a month. The monthly weekend evening sweeps typically have a focus on a specific business type. These inspections are often completed in coordination with other City departments or government agencies such as the City marshals, the Health District, and/or the Las Vegas Metropolitan Police Department. While infrequent, license officers may be asked to be ready to work outside their normal work hours (stand-by time) or return to work at the request of management to work during off-duty hours (call-out time).

The Compliance Section procedures state the following:

*As the needs of the Department dictate, a team of License Officers may work evenings and weekends paired up with another License Officer or accompanied by a Senior License Officer. The goal of these alternative shifts is to follow through on open compliance cases or investigations that would benefit from a nighttime or a weekend activity check.*

While these procedures provide for alternative shifts, the Compliance Section essentially only has one shift and the monthly sweep. Certain businesses whose operations are primarily in the evenings and on the weekends may not get sufficient attention by the Compliance Section.

In conjunction with our audit, we found that a couple other Business License departments in Nevada (Clark County and Reno) have employee shifts that regularly provide coverage beyond standard business hours including evenings, Fridays, and/or weekends.

While increased coverage of evenings, Fridays, and/or weekends by license officers may not currently be preferred or feasible, Business Licensing management should continually evaluate the effectiveness of its operations and whether additional coverage is needed based on the nature of complaints, industry trends, and the priorities of City management.

**Recommendation**

- 5.1 Business Licensing management should implement a process for routinely reviewing the performance metrics of the Compliance Section and evaluate whether any of the following arrangements would be beneficial to the operations:
- Additional or staggering inspection shifts that would cover evenings and/or weekends.
  - Additional weekend inspections/sweeps.

## MANAGEMENT RESPONSE

### 1. Improved Performance Metrics and Reporting Needed

- 1.1 Business Licensing management should evaluate what performance metrics in addition to those already tracked would be most useful for department management, City management, and council members.

**Management Action Plan:** This has been an ongoing project for the last four years. We have engaged both staff and management in efforts to narrow down which metrics are meaningful, and to identify metrics currently collected that may no longer provide value. We began this process with brainstorming sessions and are working towards finalizing a list of useful performance metrics.

**Estimated Date of Completion:** August 30, 2025

- 1.2 Business Licensing management working with IT should make Compliance Section performance metrics more readily accessible online and/or through regularly produced reports.

**Management Action Plan:** We have already started communication with IT regarding some of the identified metrics and the need for improved reporting functionality. As more metrics are finalized, we will continue to work with IT. We anticipate having a full list of new or revised metrics by August 30, 2025, and will engage IT on implementation by September 30, 2025. While we can control our engagement timeline, we know that IT's implementation timeframe is outside of our control and may extend beyond our timeline.

**Estimated Date of Completion:** September 30, 2025

- 1.3 Business Licensing management should evaluate what data could be shared on the City's transparency website.

**Management Action Plan:** We'll be working with our analysts, staff, and IT team to figure out what meaningful data can be shared publicly through the City's transparency portal. This could include things like how many inspections we complete each month, the types of violations that we see most often, and how quickly we're resolving complaints, such as tracking how many are closed within 30 days. The goal will be to highlight the work being done and show the public where our efforts are making an impact. Before anything is published, we'll make sure the data is reviewed for any legal, privacy, or operational concerns, then submit it to the City Attorney's Office for final review.

**Estimated Date of Completion:** October 31, 2025

## **2. Unpaid Fines and Fees Not Timely Sent to Collections**

- 2.1 Business Licensing management should improve their documented procedures regarding the compliance fines and fees collection process including addressing those points identified in this finding.

**Management Action Plan:** We agree that our current process for managing unpaid compliance fines and fees needs to be reviewed. We will review and update our internal procedures (desk procedures) to clearly outline timelines, roles, and steps for follow-up on unpaid balances. There is some work to be done in INFOR as well, as it was noted that this process is very manual and can lead to errors. But again, INFOR changes hinge on IT's availability and budget resources; so the deadline does not account for this part.

**Estimated Date of Completion:** October 31, 2025

- 2.2 Business Licensing management should implement these improved procedures and determine what existing fines and fees should be assigned to the collection agency.

**Management Action Plan:** See response to 2.1 above. Once 2.1 is complete it will encompass this recommendation as well.

**Estimated Date of Completion:** October 31, 2025

## **3. Improved Coordination Needed with Fire Prevention Inspectors**

- 3.1 Business Licensing management should work with Fire Prevention management in improving the communication and coordination with Compliance Section staff in scheduling fire inspections of fourplex apartments.

**Management Action Plan:** We will work with Fire Prevention to establish a more structured communication process regarding fourplex inspections. We will also review how inspection results are being communicated back to our team to avoid delays in license issuance beyond the fourplex apartments.

**Estimated Date of Completion:** August 30, 2025

- 3.2 Business Licensing management should update its fourplex apartment license handout to include additional information to applicants on the need to have a fire inspection and that process.

**Management Action Plan:** We will work on revising the apartment house handout to clearly explain the fire inspection requirement, including when to schedule it, how to request it, and how it affects the licensing process. We will work with Fire Prevention to ensure the information is

accurate and user-friendly. We will post the handout on our website and provide it to the public as needed.

**Estimated Date of Completion:** August 30, 2025

#### **4. Timely System Access Permission Change Notifications Needed**

- 4.1 Business Licensing management should document and implement a process for notifying the Infor System Administrator when an employee's job responsibilities change requiring a change in their Infor system access permissions.

**Management Action Plan:** We will coordinate with the Community Development administrative team, as they are responsible for managing personnel changes, to inform them of this recommendation. Together, we will support the creation of a standardized internal process to ensure IT is promptly notified of any staff separations, transfers, or job duty changes that require updates to Infor system access. Our role will be to confirm that access permissions are properly adjusted and to incorporate a verification step into our internal procedures and relay results back to the administration team.

**Estimated Date of Completion:** October 1, 2025

- 4.2 Business Licensing management should document and implement a process for confirming that Infor system access permissions have been changed by the Infor System Administrator immediately following an employee's separation, transfer, or job responsibility change.

**Management Action Plan:** See response to 4.1 above.

**Estimated Date of Completion:** October 1, 2025

#### **5. Need for Evaluation of Adequacy of Inspection Shift Coverage**

- 5.1 Business Licensing management should implement a process for routinely reviewing the performance metrics of the Compliance Section and evaluate whether any of the following arrangements would be beneficial to the operations:
- Additional or staggering inspection shifts that would cover evenings and/or weekends.
  - Additional weekend inspections/sweeps.

**Management Action Plan:** We agree that performance metrics should be used to guide staffing decisions. We will begin reviewing inspection data, including types of inspection, response times, types of complaints, volume of weekend activity, and types of violations, to evaluate whether more evening or weekend shifts are necessary. In the short term, we have already begun limited weekend inspections (one per month). Future shifts or staggered schedules will be considered based on data trends, staffing capacity, and operational impact.

**Estimated Date of Completion:** May 31, 2026



## Why This Audit is Important

### Identified opportunities for improving:

- ✓ Performance information available to city management
- ✓ Procedures surrounding collection of fees and fines
- ✓ Coordination and communication with another department to get licenses timely approved
- ✓ Controls over system access permissions of employees

Submitted at Meeting  
Date: 07/21/2025 Item: 6  
By Staff

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## **Business Licensing Compliance Section**

- **Enforce Las Vegas Municipal Code**
  - Title 6 – Business Taxes, Licenses, and Regulations
  - Title 9 – Health and Safety
  - Title 12 – Special Events and Filming Activity
  - Title 16.22 – Non-Transient Lodging Properties
  
- **Focus of the Compliance Section**
  - Education on Licensing Regulations
  - Bring businesses into compliance



## **Business Licensing Compliance Section**

- **Compliance Section Staff**
  - Manager (Vacant)
  - 2 Senior License Officers
  - 7 License Officers
  
- **Shift**
  - M-Th 6:30/7:00 a.m. to 5:00/5:30 p.m.
  
- **Monthly Weekend Sweeps**



## Business Licensing Compliance Section

- Inspections Originate from:
  - Citizen complaints
  - City Council requests
  - Privileged license applications
  - Temporary license applications
  - Metro and other government agency referrals
  - License denials
  - Officer initiated inspections – primarily identified unlicensed businesses
  - Internal research
- 4,552 Field Inspections Completed in 2024



## Objectives

Our audit objectives were as follows:

1. Evaluate the adequacy of the performance measurements and metrics being tracked by the Compliance Section.
2. Determine whether fees and fines are being properly assessed.
3. Determine whether uncollected amounts are being properly forwarded to collections .
4. Review and evaluate the cause of an operational inefficiency identified by license officers related to fire prevention inspections of fourplex license applications.
5. Determine whether system permissions for Compliance Section staff are appropriate for their positions and whether access is being appropriately changed.
6. Evaluate the adequacy of the work shifts of the license officers to fulfill their responsibilities.



# Findings and Recommendations

1. **Opportunities for improved performance metrics**
  - Evaluate what additional performance metrics would be useful.
  - In coordination with IT, make performance metrics more readily accessible.
  - Evaluate what data could be shared on the City's transparency website.
  
2. **Fees and fines are being correctly assessed in accordance with the municipal code. However, unpaid fines are not being sent to the collection agency in accordance with department policy**
  - Improve documented procedures regarding the collections process.
  - Implement procedures and determine what existing fines and fees should be assigned to the collection agency.



## Findings and Recommendations cont.

### 3. Improved coordination is needed with Fire Prevention

- Work with Fire Prevention management in improving the communication and coordination with Compliance Section staff in scheduling fire inspections of four-plex apartments.
- Update the fourplex apartment license handout to include additional information to applicants on the need to have a fire inspection and that process.

### 4. System Access permissions for two employees not changed

- Document and implement a process for notifying the Infor System Administrator of employment changes.
- Document and implement a process for confirming that access permissions have been changed immediately following an employee's separation, transfer, or job responsibility change.



## Findings and Recommendations cont.

5. **License Officer shifts may not provide adequate coverage of businesses whose operations are primarily in the evenings or on the weekends**
  - Implement a process for routinely reviewing performance metrics and evaluate whether any schedule changes would be beneficial such as additional or staggering employee shifts or additional weekend inspections/shifts.



# Questions



## Current Audits

- **Human Resources – Employee Separation Process**
- **IT – Mobile Communication Devices (Cell Phones, Tablets, etc.)**
- **Municipal Court – Subpoena Witness Fee Fund**
- **Follow-up on Audit Recommendations:**
  - **Fire & Rescue**
  - **Business Licensing**
  - **Finance**
  - **IT**
  - **YDSI**

Submitted at Meeting  
Date: 07/21/2025 Item: 7  
By Staff

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## Key Audit Correspondence

- **Audit Notification (beginning of every audit)**
  - After meeting with department management
  - Request for input on area being audited
  - Sent to Mayor, Council, City Manager's Office, City Attorney, Department Directors, and Audit Committee Members
  
- **Draft Audit Report (with Management Response)**
  - Request for input
  - Provided to Department Director, City Manager's Office, Mayor, Council, City Attorney, Communications Director, and Audit Committee Members



## Value of Fraud Hotline

- City's Fraud Hotline went live on 9/23/24
- Important tool in preventing and detecting fraud
- ACFE Fraud Report to the Nations found:

**TOP 3 WAYS FRAUD IS DETECTED** in government organizations:



**44%**  
TIP



**18%**  
INTERNAL AUDIT



**11%**  
MANAGEMENT REVIEW

Submitted at Meeting  
Date: 07/21/2025 Item: 8  
By Staff

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# Fraud Hotline Promotion

MAKE @ DIFFERENCE 

# SPEAK UP



HELP THE CITY OF LAS VEGAS FIGHT FRAUD AND PRESERVE OUR CULTURE OF INTEGRITY.

If you suspect fraud, waste, or abuse by city employees or contractors, SPEAK UP online or by phone using the city's confidential fraud hotline. You will have the option to remain anonymous.



Mobile:  
[lasvegasnevadamobile.ethicspoint.com](https://lasvegasnevadamobile.ethicspoint.com)  
Online:  
[lasvegasnevada.ethicspoint.com](https://lasvegasnevada.ethicspoint.com)  
Phone:  
833-207-6266  
Toll-free • 24 hours a day • 7 days a week

NAVEX is an independent reporting service. When you contact them, you do not have to give your name. A customized Web form or professional interview specialist will document your concern and relay the information to our organization for follow-up.



## Fraud Hotline Activity

- Fraud Committee comprised of City Auditor, City Manager, and City Attorney meet monthly
- Hotline reports are evaluated by Fraud Committee
  - Actionable by city?
  - If so, who should lead investigation?
  - If not actionable by City, tipster is referred to appropriate agency.
- Fraud policy being updated by Fraud Committee to reflect updated fraud reporting process



## Performance Audits

- **Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things:**
  - ✓ improving program performance and operations
  - ✓ reducing costs
  - ✓ facilitating decision making by parties responsible for overseeing or initiating corrective action
  - ✓ contributing to public accountability
- **Performance audit objectives vary widely and include:**
  - ✓ assessments of program effectiveness, economy, and efficiency
  - ✓ internal control
  - ✓ compliance
  - ✓ prospective analyses
  - ✓ the current status or condition of a program

Submitted at Meeting  
Date: 07/21/2025 Item: 9  
By Staff

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## Examples of Risk Factors

- Compliance and Regulatory Risk
- Degree of Automation
- New Systems Implemented
- Cash Transactions
- Management and Personnel Turnover
- Organizational Structure Changes
- Decentralized Operations
- Employee Culture
- Reputational Risk
- Significant Revenues and Expenses
- Significant Value of Assets
- Fraud Risk
- Previous Control Failures
- Not Recently Audited



## Fiscal Year 2026 Audit Plan Development

- As an office, evaluated potential audits based on known risks, prior audits, our combined audit experience, and our professional judgment
- Requested input from Mayor and City Council Members
- Requested input from Audit Committee Members
- Requested input from the City Manager's Office
- Received input from some department directors
- Identified departments who have not recently been subject to an audit



## Fiscal Year 2026 Audit Plan

- **Information and Technology:**
  - Mobile Communication Devices (in process)
  - Information Security Program
  - Software
- **Finance:** Purchasing
- **Human Resources:** Employee Separation Process (in process)
- **Municipal Court:** TBD
- **Public Works:** TBD
- **Payment Collection Sites:**
  - Witness Fee Payment Controls (in process)
  - Unannounced Visits
- **Special Audit/Project Requests**
- **Fraud Investigations**
- **Follow-up on Control Failures**
- **Follow-up on Issued Audit Recommendations**