



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 October 6, 2025
5. Discussion for possible action regarding the election of Chair and Vice-Chair officers to the Audit Oversight Committee for calendar year 2026
6. Discussion for possible action regarding Audit of Las Vegas Municipal Court - Witness Fee Funds (CW019-2526-01)
7. Discussion for possible action regarding Audit of Human Resources Department - Employee Separation Process (HR006-2526-02)
8. Report by staff regarding current audits and outstanding recommendations
9. Report by staff regarding current staffing
10. Closed Session - A closed meeting is called in accordance with NRS 241.015(4)(c) to receive information from the City Auditor about existing litigation
11. **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.
12. **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.
13. **Adjournment**

Facilities are provided throughout City Hall for the convenience of persons with disabilities. Reasonable efforts will be made to assist and accommodate persons with disabilities or impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 702-229-6311 and advise of your need at least 48 hours in advance of the meeting. Dial 7-1-1 for Relay Nevada.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS
IN ACCORDANCE WITH THE NOTICING STANDARDS AS OUTLINED IN NRS 241.020:

The City of Las Vegas website – www.lasvegasnevada.gov
The Nevada Public Notice website – notice.nv.gov
Civic Center Building A, 525 South Main Street, 1st Floor
City Hall, 495 South Main Street, 1st Floor

CITY AUDITOR'S OFFICE



AUDIT OF LAS VEGAS MUNICIPAL COURT

WITNESS FEE FUNDS

Report CW019-2526-01

December 17, 2025

EXECUTIVE SUMMARY

Why this Audit is Important

Cash is susceptible to theft or loss if proper internal controls are not in place. In conducting this audit, we evaluated the adequacy of the internal controls surrounding the safeguarding and use of the city's \$4,900 witness fee funds which are used by Municipal Court front counter cashiers to make payments to witnesses appearing in court. The Municipal Court performs this function for the City Attorney's Office. We identified improvements that are needed to prevent theft or loss of the witness fee funds.

Key Audit Results

- We completed an unannounced visit to the Municipal Court and confirmed the existence of the witness fee funds.
- In reviewing the daily process being followed by the front counter cashiers in accounting for the witness fee funds, we identified procedural improvements that are needed to ensure the accuracy of the total of the witness fee funds including cash on hand and replenishments in transit. In addition, we determined that the total amount of the witness fee funds exceeds that which is needed in relation to recent activity.
- We found that the witness fee funds are being properly secured in a safe in the count room. However, the combination for the safe in which the funds are stored is not being changed in accordance with city policy and there are employees with access to the count room that shouldn't have access.
- We found that the Municipal Court front counter cashiers are following established procedures in paying witnesses. However, we found that the accounting unit staff are not following certain established departmental procedures.

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AUDIT OF LAS VEGAS MUNICIPAL COURT WITNESS FEE FUNDS Report CW019-2526-01

BACKGROUND

Witnesses who are subpoenaed and appear at proceedings of the Las Vegas Municipal Court are paid \$25 plus mileage for travel to the courthouse (based on their residential zip code). To receive this payment, a witness must present their subpoena signed by a Deputy City Attorney to a Municipal Court cashier. Prior to payment, the cashier verifies the information on the subpoena against the witness's government issued ID and a daily listing of witnesses scheduled to appear. The Municipal Court performs this function for the City Attorney's Office.

The witness fee payments are made from a \$4,900 fund issued by the city's Finance Department to the Municipal Court's Front Counter Division (front counter). The transactions are recorded in the ATLAS receipting system.

During the fiscal year ended June 30, 2025, 897 payments totaling \$34,750 were made to witnesses.

AUDIT TEAM

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

OBJECTIVES AND RESULTS

Our audit objectives and corresponding results were as follows:

- *Confirm the existence of the witness fee funds through an unannounced count and determine whether a signed custodian form exists for the funds.*

We completed an unannounced visit to the Municipal Court and confirmed the existence of the witness fee funds.

- *Determine whether the witness fee funds are properly secured in accordance with city policy.*

The witness fee funds are being properly secured in a safe in the Court count room.

The combination for the safe in which the funds are stored is not being changed in accordance with city policy and there are employees with access to the count room that shouldn't have access. **See Finding #2.**

- *Determine whether the Municipal Court cashiers and accounting unit employees are following established department and city cash handling procedures for payment of the witness fees.*

The Municipal Court cashiers follow established procedures in paying witnesses.

The accounting unit staff are not following certain established departmental procedures. **See Finding #3.**

- *Determine whether the Municipal Court cashiers are properly reconciling the witness fee funds at the end of each day in accordance with department and city policy.*

In reviewing the daily process being followed by the cashiers in accounting for the witness fee funds, we identified procedural improvements that are needed to ensure the accuracy of the total of the witness fee funds including cash on hand and replenishments in transit. In addition, we determined that the total amount of the witness fee fund exceeds that which is needed in relation to recent activity. **See Finding #1.**

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. Our testing included reviewing 63 witness fee payments during the period from January 1 to June 30, 2025.

Our audit methodology included:

- An unannounced count of the witness fee funds and observation of the security surrounding the funds.
- Testing the existence of the documentation obtained from witnesses prior to payment (i.e. subpoena signed by a Deputy City Attorney and the witness and a copy of a government issued ID).
- Testing the accuracy of the payments being made to witnesses and the recording of the amounts within ATLAS and to the general ledger.
- Testing the daily witness fee fund end-of-day close out procedures.
- Testing the fund replenishment process.
- Reviewing compliance with the city's safe combination change policy.
- Reviewing electronic badge access reports to the Municipal Court cash count room.

The last fieldwork date of this audit was October 13, 2025.

FINDINGS AND RECOMMENDATIONS

1. Improved Procedures Needed

The front counter cashiers store the \$4,900 witness fee fund in seven pre-numbered deposit bags of \$700. Each day, one bag is pulled from the safe for use by a cashier. At the end of each day, the unused funds are placed in a new deposit bag. The amount within each of the seven deposit bags is logged daily on a manual log along with the total of each day's payments. The Municipal Court Accounting Unit requests the total amount of each day's witness fee payments from Finance to replenish the witness fee fund. The requested replenishment amounts are subsequently delivered to the Front Counter via an armored car carrier.

The city's Petty Cash Funds Policy/Procedure (FN305) states the following:

Petty Cash Custodians are responsible for ensuring that the amount of cash on hand and the signed petty cash vouchers equal the original balance of the petty cash fund.

While the payments from the witness fee fund are not for small dollar purchases as is the case with petty cash funds, the principle for managing these funds is the same. The total cash on hand and the total replenishment requests outstanding should always total \$4,900. While cash on hand and daily replenishment requests are recorded on a log, there is not a daily reconciliation to the total amount of the fund. The delivery of daily replenishment requests by the armored car service is often delayed for more than a week. Without a daily reconciliation of the fund in total, there is the potential for missed deliveries of funds without detection.

When replenishment funds are received from the armored car service by the front counter, the funds are placed in a safe. These funds are not always added to the witness fee funds in a timely manner.

The method by which the front counter cashiers store and account for the witness fee funds is inefficient. For example:

- A manual log is used for tracking the funds.
- Each night, the eight-digit number of seven deposit bags is written down on the log.
- Any time a replenishment of funds is completed, the funds are placed in seven new deposit bags regardless of whether a bag has been used.

The witness fee payment transactions are incorrectly recorded in two different general ledger accounts. This variation is due to inconsistencies by the cashiers when inputting the general ledger account when processing the transactions within ATLAS.

During the six months ending June 30, 2025, the average amount of weekly payments from the witness fee fund was \$720. This activity does not appear to justify a total witness fee fund of \$4,900.

Recommendations

- 1.1 Municipal Court management should adjust the procedures being performed by front counter operations to ensure:
 - daily reconciliation of the witness fee fund in total is completed. The sum of cash on hand and replenishment requests in transit should always total the amount of the fund.
 - replenishment funds are added to the witness fee fund when received from the armored car carrier.
 - the correct general account is being used in recording the payments.
- 1.2 Municipal Court management should evaluate:
 - alternative methods by which the witness fee funds are stored and tracked to improve efficiency while at the same time maintaining security and accountability for the funds. Consideration should be given to automation of the log.
 - the activity of the witness fee fund to determine whether the amount is still appropriate.

2. Improved Physical Security Measures Needed Over Funds

The Municipal Court has a restricted access count room that is used by front counter operations employees for handling cash outside of the view of customers. Within this room is the safe that is used to store deposits, change funds, and the witness fee fund. We obtained a report identifying all individuals with electronic badge access to this room. Excluding Public Safety employees, there were 39 individuals with access to the room. We reviewed this report with Municipal Court management and were told that some of these employees should not have access to the room.

The city's Cash Handling Policy/Procedure (FN302) states the following:

Combinations for department safes shall be changed annually or when an employee with safe access separates from employment. A log shall be kept of all people with access to the safe and when the safe combination was last changed. The invoice from the locksmith shall be kept as backup.

The city's locksmith has no record that the combination for the safe in which the witness fee funds are stored has ever been changed. In addition, the Front Counter does not maintain a log of those with access to the safe and when the safe combination was last changed as required by policy.

Recommendations

- 2.1 Municipal Court management should terminate access to the count room of any individuals that should not currently have access and periodically review the badge access report for anyone that should not have access.
- 2.2 Municipal Court management should have the safe combination changed and begin tracking who has been provided with the combination, the dates of when the combination is changed, and documented evidence from the locksmith of the change.

3. Periodic Audits Not Being Completed by Accounting Unit

The Municipal Court's Witness Fee Disbursement Procedure states the following:

A Muni Court Accounting representative will complete an audit and reconciliation of all subpoenas to include signatures, bar numbers, the mileage amounts, and the witness' signature and report any discrepancies to the Budget Analyst, Financial Auditor, Front Counter Supervisor, and Division Manager. The Accounting representative will scan the subpoenas that were paid out for the day and supporting back-up and forward the scanned documents to City Finance. A City Finance representative will verify upon receipt that the entry is recorded correctly in the general ledger.

The Municipal Court Accounting Unit is not performing the audits and reconciliations of subpoenas as outlined in the procedure. In addition, subpoenas and supporting back-up are not being scanned and forwarded to Finance.

Recommendations

- 3.1 Municipal Court management should ensure the Accounting Unit performs the audits and reconciliations of all subpoenas as outlined in the Witness Fee Disbursement Procedure.
- 3.2 Municipal Court management should update the Witness Fee Disbursement Procedure to accurately reflect their roles and responsibilities over the witness fee funds.

MANAGEMENT RESPONSE

1. Improved Procedures Needed

1.1 Municipal Court management should adjust the procedures being performed by front counter operations to ensure:

- daily reconciliation of the witness fee fund in total is completed. The sum of cash on hand and replenishment requests in transit should always total the amount of the fund.
- replenishment funds are added to the witness fee fund when received from the armored car carrier.
- the correct general account is being used in recording the payments.

Management Action Plan: We agree with the auditors' assessment and will have the Court's Accounting Unit perform a daily reconciliation of the witness fee fund in total, to ensure the sum of cash on hand and replenishment requests in transit reconciles to the total amount of the fund. Procedures will be updated to ensure replenishment funds are counted and added to the witness fee fund when received from the armored car carrier. Front counter operations have been updated with the correct general account code to be used when recording payments. The Court's Accounting Unit will confirm the entry is posted to the City Attorney's General Ledger account.

Estimated Date of Completion: December 1, 2025

1.2 Municipal Court management should evaluate:

- alternative methods by which the witness fee funds are stored and tracked to improve efficiency while at the same time maintaining security and accountability for the funds. Consideration should be given to automation of the log.
- the activity of the witness fee fund to determine whether the amount is still appropriate.

Management Action Plan: We agree with the auditors' assessment and will evaluate current procedures to determine if there is a more efficient process for maintaining the funds. Procedures will also be updated to include a new log and improved tracking through the Accounting Unit.

Estimated Date of Completion: December 1, 2025

2. Improved Physical Security Measures Needed Over Funds

2.1 Municipal Court management should terminate access to the count room of any individuals that should not currently have access and periodically review the badge access report for anyone that should not have access.

Management Action Plan: We agree with the auditors' assessment and will review the badge access report to verify that only individuals in need of access will have access to the court room.

Estimated Date of Completion: December 1, 2025

2.2 Municipal Court management should have the safe combination changed and begin tracking who has been provided with the combination, the dates of when the combination is changed, and documented evidence from the locksmith of the change.

Management Action Plan: We agree with the auditors' assessment. The locksmith changed the combination to the safe on September 10, 2025, with documented evidence of the change.

Estimated Date of Completion: September 10, 2025

3. Periodic Audits Not Being Completed by Accounting Unit

3.1 Municipal Court management should ensure the Accounting Unit performs the audits and reconciliations of all subpoenas as outlined in the Witness Fee Disbursement Procedure.

Management Action Plan: We agree with the auditors' assessment and the court will update its policies and procedures to ensure the Court's Accounting Unit is properly performing the audits and reconciliations of all witness fees as outlined in the Witness Fee Disbursement Procedure.

Estimated Date of Completion: December 1, 2025

3.2 Municipal Court management should update the Witness Fee Disbursement Procedure to accurately reflect their roles and responsibilities over the witness fee funds.

Management Action Plan: We agree with the auditors' assessment and the court will update Witness Fee Disbursement Procedures to accurately reflect the roles and responsibilities over the witness fee funds.

Estimated Date of Completion: December 1, 2025



Why this Audit is Important

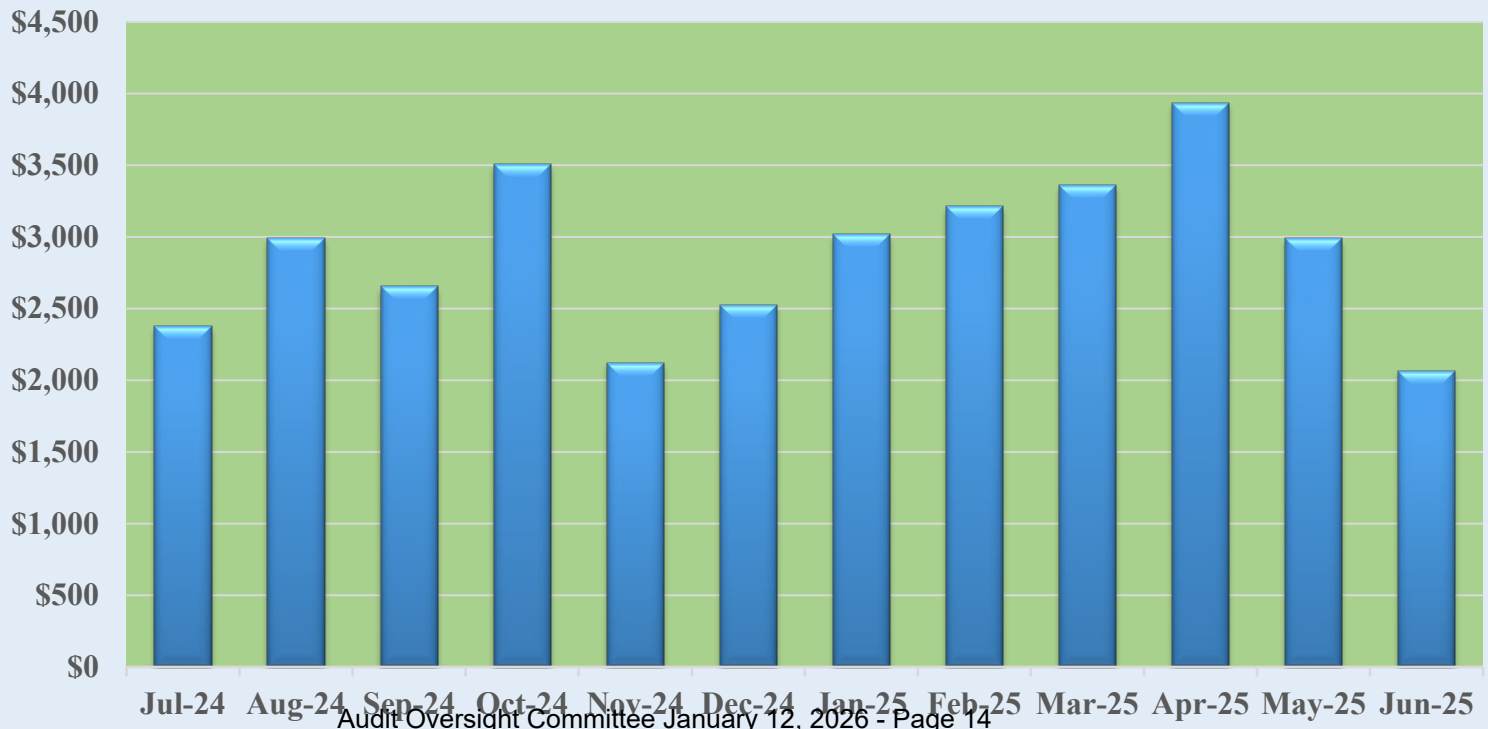
- Cash is susceptible to theft or loss
- \$4,900 fund
- Evaluated adequacy of internal controls

- Real-World Example - Nevada DMV (Las Vegas, 2015)
 - Employee skimmed \$11,000 by manipulating petty cash logs.
 - Caught via audit; resulted in termination and restitution.



Background

- Witnesses called to appear are paid \$25 plus mileage
- All payments are verified and recorded
- Processed 897 payments totaling \$34,070 (FY 25)





Objectives

- Confirm the existence of witness fee funds
- Determine whether funds are properly secured
- Evaluate compliance with established cash handling procedures
- Determine whether witness fee funds are being properly reconciled daily



Key Audit Results

- We confirmed the existence of witness fee funds

- Procedural improvements needed
 - Management should adjust procedures of front counter operations to ensure:
 - Daily reconciliations in total are completed
 - Replenishment funds are added when received
 - The correct general ledger account is used

 - Management should evaluate:
 - Alternative methods for storing and tracking funds
 - Whether the fund balance is appropriate for the activity.



Key Audit Results (cont.)

- Witness fee funds are properly secured in safe in count room
- Number of employees with access to the count room is excessive
 - Management should:
 - Terminate access of employees without need
 - Periodically review access
- Safe combination has not been changed in accordance with policy
 - Management should:
 - Change the safe combination
 - Track who has access to the safe and when the combination was changed



Key Audit Results (cont.)

- Municipal Court cashiers are following established procedures in making payments
- Municipal Court accounting staff are not performing required reconciliations and audits
 - Management should:
 - Perform required audits and reconciliations
 - Update departmental procedures

CITY AUDITOR'S OFFICE



AUDIT OF DEPARTMENT OF HUMAN RESOURCES EMPLOYEE SEPARATION PROCESS

Report HR006-2526-02

December 17, 2025

EXECUTIVE SUMMARY

Why this Audit is Important

When an employee separates from employment with the city, it is important that proper procedures are followed due to operational, financial, legal, and security risks associated with this process. With this audit, we reviewed the process being followed by Human Resources and city departments and tested a sample of employee separations for compliance with the city's Separation Policy/Procedure (HR 3.13.01) and applicable Nevada Revised Statutes (NRS).

Key Audit Results

- We identified employee separation files with missing and incomplete required documentation and the need for improvements to the current *Separation Clearance Form* to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.
- We found that final payments to separated employees are being calculated correctly and that benefits are being terminated in a timely manner. We also found that final payments for appointive and classified employees are being made in accordance with the timelines stipulated in NRS.
- We identified instances in which hourly employees separating from city employment were not paid within the number of days required by NRS due to delays by departments notifying HR of the separation or delays in HR processing the separation.
- We found that the city's Innovation and Technology Department is appropriately terminating electronic badge access and active directory system access of separated employees. However, we identified that non-working hourly employees typically retain their assigned badge and system access creating a potential risk exposure for the city. This risk exposure needs to be evaluated and addressed.
- We identified three ex-employees whose procurement cards (p-cards) were still active due to p-card administration staff not being notified of employee separations and incomplete documented procedures on the return of p-cards to Finance upon an employee's separation. While their p-cards were still active, the cards had not been used after their separation from employment with the city.

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**AUDIT OF DEPARTMENT OF HUMAN RESOURCES
EMPLOYEE SEPARATION PROCESS
Report HR006-2526-02**

BACKGROUND

The city of Las Vegas has approximately 3,700 employees. City employees are identified within one of the following categories:

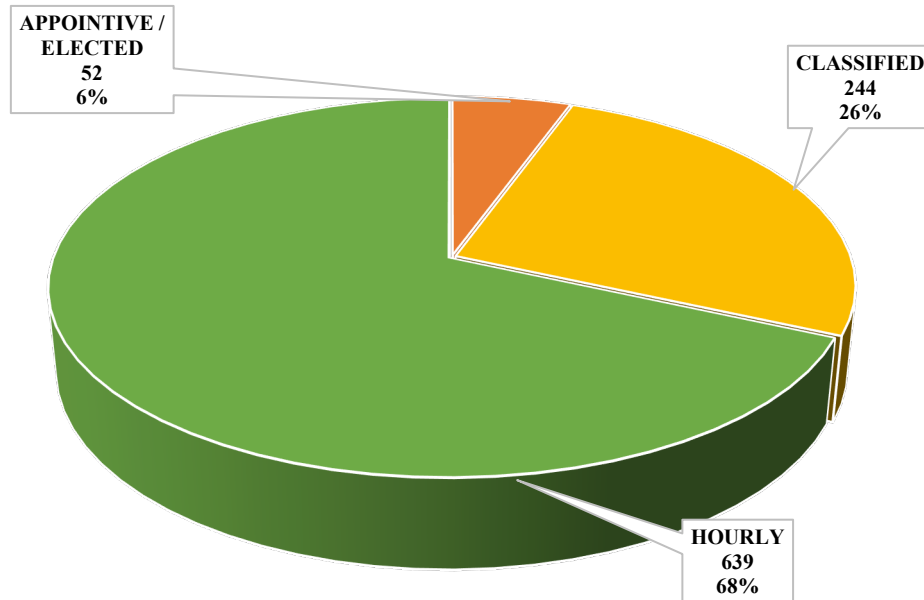
- Appointive (full and part-time)
 - Not covered by collective bargaining
 - Including executives
- Classified (full and part-time)
 - Covered by collective bargaining
- Hourly
 - Seasonal or intermittent positions
 - Limited to 1,560 hours in an 18-month period
- Elected
 - Elected by the public to hold office
 - Mayor, City Council, and Municipal Court Judges

The city's Human Resources Department (HR) oversees the employee separation process. An overview of this process is outlined below:

- HR is notified by an employee's department of their separation whether voluntary or involuntary.
- The department completes a *Separation Clearance Form* which is provided to HR. This form includes a checklist of procedures to be completed by department and HR staff.
- The department and/or HR collects the employee's access badges, keys, and other city property assigned to them.
- HR completes their processing out procedures in accordance with the city's Separation Policy/Procedure (HR 3.13.01) including completion of separation paperwork and exit interviews as appropriate.
- The employee separation is recorded into the city's enterprise resource planning software, Oracle, from which an email alert is sent to various city staff notifying them that the employee separation process is complete.
- Upon receipt of the email alert, Payroll initiates the final payment process, and the city's Innovation and Technology Department (IT) disables the employee's electronic badge access and system access (Windows Active Directory).

During calendar year 2024, there were a total of 935 employees who separated from employment with the city. See the number of separations by classification in the following chart:

2024 EMPLOYEE SEPARATIONS



AUDIT TEAM

Bryan L. Smith, CPA, CFE, City Auditor
Nancy Cardoza, Senior Internal Auditor

OBJECTIVES AND RESULTS

Our audit objectives and testing results were as follows:

1. *Determine whether HR and city departments are complying with the city's Separation Policy/Procedure (HR 3.13.01).*

We identified employee separation files with missing and incomplete required documentation and the need for improvements to the current *Separation Clearance Form* to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form. See **Finding #1**.

2. *Determine whether final payments are being made to employees separating from employment with the city in accordance with Nevada Revised Statutes and that benefits are being terminated appropriately.*

- We found that final payments to separated employees are being calculated correctly and that benefits are being terminated in a timely manner. We also found that final payments for appointive, elected, and classified employees are being made in accordance with the timelines stipulated in the Nevada Revised Statutes (NRS). However, we identified instances in which hourly employees separating from city employment were not paid within the number of days required by NRS due to delays by departments notifying HR of the separation or delays in HR processing the separation. See **Finding #2**.
3. *Determine whether electronic badge and system access are being appropriately terminated when an employee separates from employment with the city.*

We found that IT is appropriately terminating electronic badge access and active directory system access of separated employees. However, we identified that non-working hourly employees typically retain their assigned badge and system access creating a potential risk exposure for the city. This risk exposure needs to be evaluated and addressed. See **Finding #3**.

4. *Determine whether procurement cards assigned to employees are being properly deactivated upon their separation from employment with the city.*

We identified three ex-employees whose procurement cards (p-cards) were still active due to p-card administration staff not being notified of employee separations and incomplete documented procedures on the return of p-cards to Finance upon an employee's separation. While their p-cards were still active, the cards had not been used after their separation from employment with the city. See **Finding #4**.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. Our testing included a judgmentally selected sample of 60 employees who separated from the city during calendar year 2024. This sample included 40 hourly employees and 20 appointive, classified, and elected employees.

Our audit methodology included:

- Interviews with city management and staff
- Review of applicable city policies/procedures and NRS sections
- Testing of compliance with the city's Separation Policy/Procedure (HR 3.13.01) and sections of NRS using:
 - Documents retained within employee personnel files
 - Employee benefits records
 - Payroll data within Oracle
 - Physical key assignment reports from the city's locksmith

- Review and testing of electronic badge access and active directory system access using IT reports.

The last fieldwork date of this audit was October 16, 2025.

FINDINGS AND RECOMMENDATIONS

1. Missing And Incomplete Separation Records

When an employee separates from the city, HR requires the respective city department to complete a *Separation Clearance Form* and submit it to HR along with other documentation such as the employee's final timecard. The *Separation Clearance Form* has sections including checklists that must be completed by both department and HR employees. Different *Separation Clearance Forms* are required for full-time and hourly employees.

We reviewed employee separation files for 60 employees who had separated from employment from the city during calendar year 2024 including 40 hourly employees and 20 appointive, classified, and elected employees. During our review, we noted inconsistencies in how departments and HR utilize the checklist boxes on the *Separation Clearance Form* due to a lack of clear instructions on how to record a response of yes, no, or not applicable. We also identified separation files with missing or incomplete required documentation. Below is a summary of the exceptions identified and the number of separation files in which each exception was found.

- Final timecard not signed by employee and/or department - 20
- Incomplete *Separation Clearance Form* - 9
- Missing *SiteMaster Report* (used to identify whether keys were issued to an employee) - 9
- Incorrect information on *Separation Clearance Form* on whether an employee had been issued a key and if so, whether it was returned - 8
- Missing *Final Paycheck Form* (required for all non-hourly employees to indicate how and where the final paycheck should be delivered) - 3
- Missing *Separation Clearance Form* - 1
- Missing final timecard - 1

Recommendations

- 1.1 Human Resources management should improve the *Separation Clearance Form* and the related instructions on its completion to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.
- 1.2 Human Resources management should consider creating a single *Separation Clearance Form* that can be used for all classifications of employees.

2. Late Final Payments

The Nevada Revised Statutes address how soon employees must be paid upon their resignation or upon an involuntary discharge as follows:

Resignation

Whenever an employee resigns or quits his or her employment, the wages and compensation earned and unpaid at the time of the employee's resignation or quitting must be paid no later than:

- 1. The day on which the employee would have regularly been paid the wages or compensation; or*
- 2. Seven days after the employee resigns or quits, whichever is earlier. (NRS 608.030)*

Involuntary Discharge

Whenever an employer discharges an employee, the wages and compensation earned and unpaid at the time of such discharge shall become due and payable immediately. (NRS 608.020)

Note: While payment is due “immediately”, NRS 608.040 states that penalties are only assessed if payment is not made within 3 days of discharge.

We reviewed the final payment records for our sample of 60 employees to determine whether final payments were accurately calculated and issued in accordance with these regulations. We found that all final payments were calculated correctly. In addition, final payments for all appointive, elected, and classified employees were made in accordance with NRS requirements. However, 9 of the 40 hourly employees tested did not receive their final payments within the required seven-day period.

These nine hourly employees had submitted resignation letters to their respective departments specifying their separation dates. Their final payments were issued between 8 and 16 days after their separation dates. These delays occurred because Payroll was not notified of the resignations in a timely manner, either due to delays by departments in notifying HR or delays by HR in processing the resignations. Pursuant to NRS 608.040, failure to comply with the requirements of NRS 608.030 could result in the city being required to compensate employees for each day payment is delayed beyond the statutory deadline, for up to 30 days.

The Separation Policy/Procedure (HR 3.13.01) does not identify how quickly a department must notify HR about an employee separation, whether voluntary or involuntary.

Recommendations

- 2.1 Human Resources management should formally remind departments of the need to process employee separations in a timely manner to comply with the final payment timelines outlined in NRS.

- 2.2 Human Resources management should update its Separation Policy/Procedure to emphasize the importance of departments notifying Human Resources in a timely manner about employee separations.

3. Badge And System Access Not Deactivated

The city hires a variety of hourly employees. Examples include employees for the city's Safekey program, community center staff, instructors, pool employees, and more. Many of these hourly employees are seasonal or used as needed and have extended periods when they are not working. Considering the number of hourly employees used by the city and the time involved in hiring these employees, they are typically retained as active employees during these periods when they are not working.

These hourly employees retain their electronic access badges and access to city systems when they are not working. While the access provided to city facilities and systems vary with these hourly employees, the access retained by certain employees when not working may expose the city to security and operational risks (theft, vandalism, data compromise).

The city's IT department oversees the administration of badge and system access. Badge and system access are currently only terminated by IT when they receive notification from Human Resources that an employee has separated from employment with the city. There is no process in place to temporarily deactivate the access of non-working hourly employees.

Recommendation

- 3.1 Human Resources management working with IT should evaluate what measures can be taken to reduce the risks associated with non-working hourly employees retaining their badge and system access. Potential options may include:
- Having departments evaluate the badge and system access of their non-working hourly employees and determine which employees should have their badge and/or system access temporarily deactivated.
 - Deactivating the badge and system access for all non-working hourly employees until such time that access is needed.

4. Procurement Cards Not Deactivated

Procurement cards (p-cards) are issued to select city employees for the purchase of authorized, city business-related items from non-contract suppliers and for travel. P-cards are issued and overseen by the Finance Department. We obtained a report of all active p-card holders as of May 2025 and compared it against a list of current employees. We identified three ex-employees with

active p-cards. While their p-cards were still active, the cards had not been used after their separation from employment with the city.

The Separation Policy/Procedure (HR 3.13.01) states the following:

Prior to the employee's processing-out appointment with Human Resources, the department human resources liaison is responsible for coordinating the return of any uniforms, documents, tools, business cards, phones, tablets, or other materials belonging to the city, and completing the appropriate sections of the Separation Clearance Form. City issued keys, access cards (ID badges), and any other remaining city property shall be returned to Human Resources during the processing-out appointment.

No mention is made specifically of the need for p-cards to be collected within this policy. In addition, the *Separation Clearance Form* does not specify that p-cards should be collected from an employee and returned to Finance prior to an employee's separation.

During our testing, we learned that Finance staff who oversee the city's p-card program had not been receiving the Oracle email alert notifying them of employee separations. We communicated this exception to Finance, and they are now receiving this email alert.

The city's Procurement Card Policy/Procedure (FN605) does not currently address the process to be followed when an employee with a p-card separates from employment with the city.

Recommendations

- 4.1 Human Resources management should update their Separation Policy/Procedure and *Separation Clearance Form* to include requirements that departments notify Finance about separating employees with p-cards and that those cards be returned to Finance prior to separation.
- 4.2 Finance management should update the Procurement Card Policy/Procedure to include instructions to be followed by employees with p-cards and their supervisors when separating from employment with the city to ensure the p-card is immediately deactivated.

MANAGEMENT RESPONSE

1. Missing And Incomplete Separation Records

- 1.1 Human Resources management should improve the *Separation Clearance Form* and the related instructions on its completion to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.

Management Action Plan: Human Resources agrees with the recommendation to update and improve the Separation Clearance Form to provide for greater reliability, uniformity, and consistency, and will revise the form accordingly as part of the current policy and process review.

Estimated Date of Completion: March 1, 2026

- 1.2 Human Resources management should consider creating a single *Separation Clearance Form* that can be used for all classifications of employees.

Management Action Plan: Human Resources will work with the applicable departments to review and determine whether consolidating the part-time and full-time employee Separation Clearance Forms into a single form is practical and feasible. If yes, we will create a single form that can be used for all classifications of employees.

Estimated Date of Completion: March 1, 2026

2. Late Final Payments

- 2.1 Human Resources management should formally remind departments of the need to process employee separations in a timely manner to comply with the final payment timelines outlined in NRS.

Management Action Plan: Human Resources recognizes the importance of processing employee separations in a timely manner to ensure compliance with the final payment timelines outlined in the NRS. We are currently in the process of updating the Employee Separation Policy, and as part of that update, we will formally remind departments of the requirement to provide timely notice of employee separations.

Estimated Date of Completion: March 1, 2026

- 2.2 Human Resources management should update its Separation Policy/Procedure to emphasize the importance of departments notifying Human Resources in a timely manner about employee separations.

Management Action Plan: Human Resources agrees that the Separation Policy should be updated to emphasize the importance of timely departmental notification of employee separations. However, we will need to work collaboratively with departments – particularly those with hourly employees – to develop an approach that accommodates their operational needs. Certain departments, such as YDSI and PRCA, employ valued and dedicated year-round hourly staff who may have periods without scheduled work but are expected to return; therefore, the policy will need to account for these circumstances.

Estimated Date of Completion: March 1, 2026

3. Badge And System Access Not Deactivated

- 3.1 Human Resources management working with IT should evaluate what measures can be taken to reduce the risks associated with non-working hourly employees retaining their badge and system access. Potential options may include:
- Having departments evaluate the badge and system access of their non-working hourly employees and determine which employees should have their badge and/or system access temporarily deactivated.
 - Deactivating the badge and system access for all non-working hourly employees until such time that access is needed.

Management Action Plan: Human Resources agrees with the recommendation and will work with IT to evaluate and adopt measures to reduce risks associated with non-working hourly employees retaining their badge and system access.

Estimated Date of Completion: March 1, 2026

4. Procurement Cards Not Deactivated

- 4.1 Human Resources management should update their Separation Policy/Procedure and *Separation Clearance Form* to include requirements that departments notify Finance about separating employees with p-cards and that those cards be returned to Finance prior to separation.

Management Action Plan: Human Resources agrees with the recommendation. As part of the separation process updates, HR will include P-cards in the revised Separation Clearance Form to ensure departments formally confirm the return of any issued P-cards. In addition, the Finance P-card team has been added to the Oracle separation alerts so they are automatically notified when an employee separates.

Estimated Date of Completion: March 1, 2026

- 4.2 Finance management should update the Procurement Card Policy/Procedure to include instructions to be followed by employees with p-cards and their supervisors when separating from employment with the city to ensure the p-card is immediately deactivated.

Management Action Plan: Finance will update the p-card policy with instructions for employees and their supervisors when an employee with a p-card leaves employment with the city.

Estimated Date of Completion: April 30, 2026

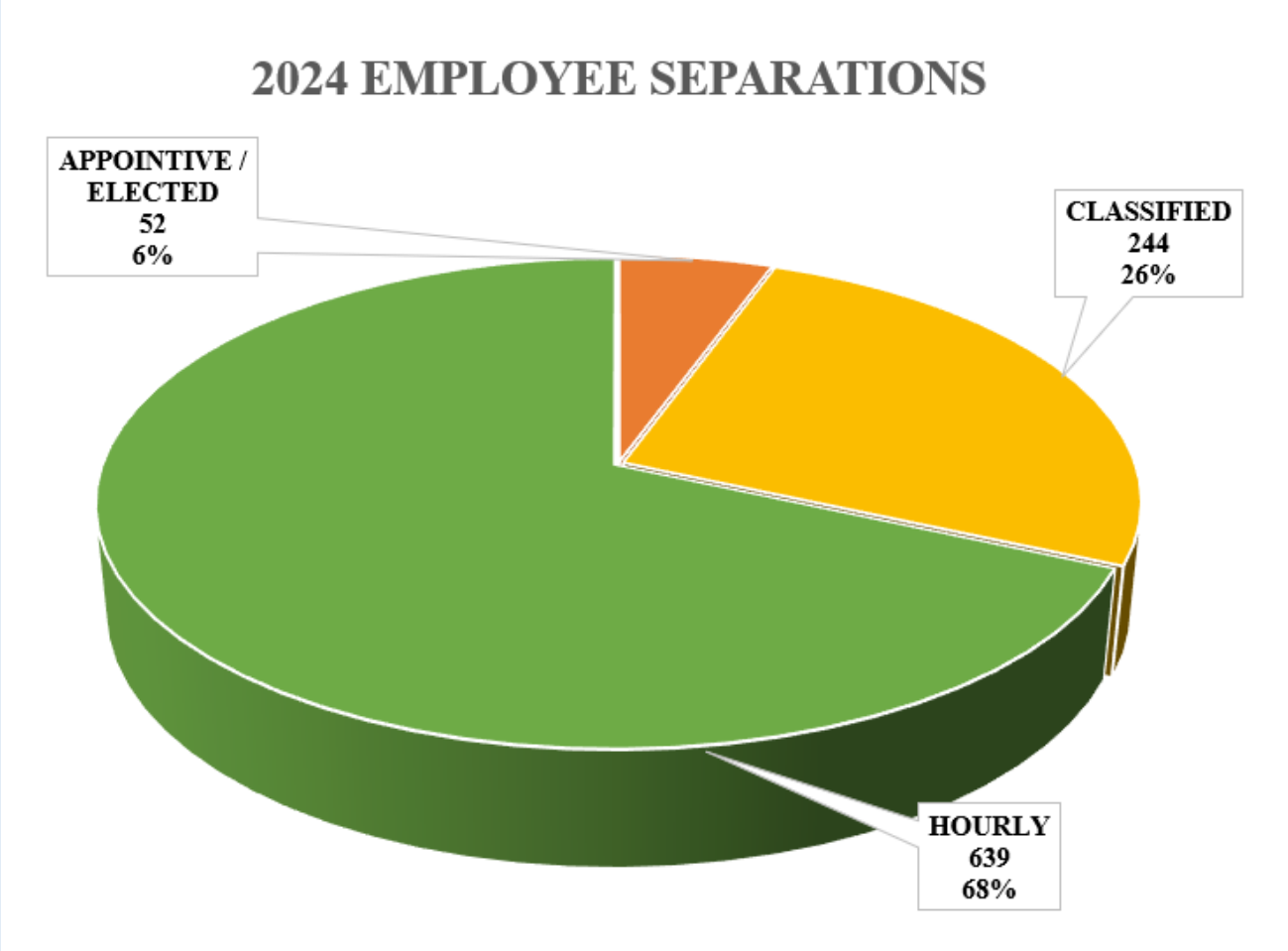


Background

- Approximately 3,700 active city employees
- 4 employee categories:
 - Appointive
 - Classified
 - Hourly
 - Elected
- During calendar year 2024, 935 employees separated from the city



Background





Objectives

We evaluated the following:

- Compliance with the city's separation policy/procedure
- Accuracy of final payments, employee benefit terminations, and compliance with final payment deadlines established by Nevada Revised Statutes (NRS)
- Appropriate termination of electronic badge and system access
- Appropriate deactivation of procurement cards



Key Audit Results

➤ Separation Records

- We identified missing or incomplete required separation documentation in employee files
- We identified the need for improvements to the current employee separation forms
- Final payments are being calculated correctly
- Benefits are being terminated appropriately and in a timely manner



Key Audit Results

➤ Timing of Final Payments

- Final payments to *non-hourly employees* are being made in accordance with the timelines required by NRS
- Identified instances of final payments to *hourly employees* that were not made within the number of days required by NRS
- Departments should be reminded of the need to process separations in a timely manner to comply with NRS guidelines
- Separation Policy should be updated to reflect importance of timely notifications of separations to Human Resources



Key Audit Results

➤ Badge and System Access

- Termination of electronic badge access and active directory system access of *separated employees* is appropriately and timely performed by the Innovation and Technology Department
- *Non-working hourly employees* typically retain badge and system access – creating potential risk exposure to the City
- Risk exposure should be evaluated and addressed by IT and HR



Key Audit Results

➤ Procurement Cards (P-cards)

- 3 p-cards of ex-employees were still active but not used
- Finance staff were not being notified of employee separations – corrected during audit.
- P-card policy does not address the process to be followed when an employee with a p-card separates from employment
- Update separation forms and p-card policy to address p-cards



Current Audits

- **IT – Oversight of Mobile Communication Devices (Louie Hlad)**
- **Public Works – Facilities (Nancy Cardoza)**
- **Municipal Court – TBD (James Burnett)**



Outstanding Audit Recommendations

Community Development – Business Licensing Compliance

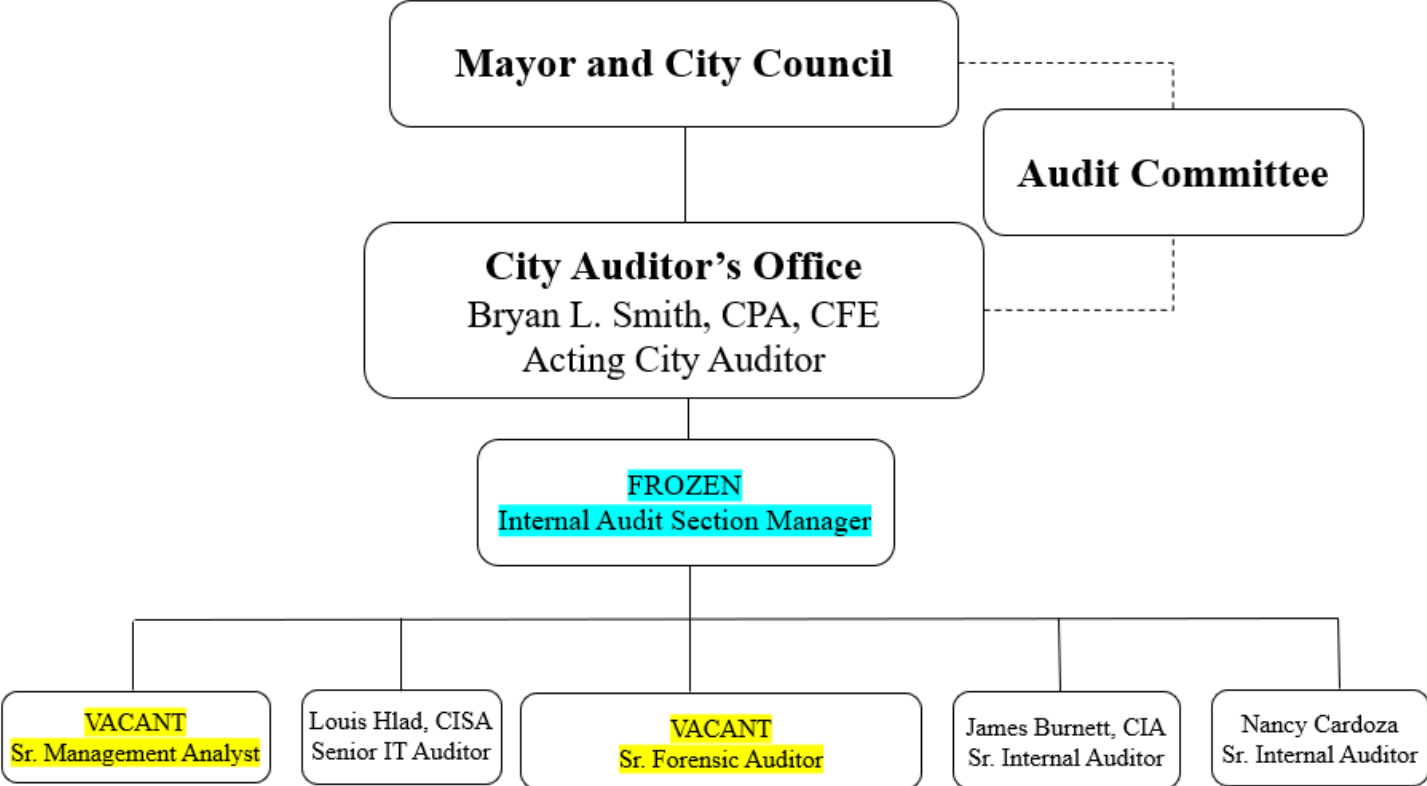
- Evaluate what data can be shared on transparency website **(10/31/25)**
- Improve collection process documented procedures **(10/31/25)**
- Implement improved collection process procedures **(10/31/25)**
- Implement process for reviewing performance metrics and evaluating need for changes to shift or sweeps. **(5/31/26)**

Fire & Rescue

- Evaluate whether enhancements can be made to current medical incident case management system to strengthen system controls. **(1/30/26)**
- Evaluate feasibility of purchasing an automated controlled substance management system to improve security, accuracy, and compliance surrounding the oversight of controlled substances. **(6/30/28)**



City of Las Vegas



January 2025