



**CITY OF HENDERSON  
AUDIT COMMITTEE  
REGULAR MEETING AGENDA**

**Wednesday, March 17, 2021  
2:00 PM  
Meeting Inquiries: (702) 267-1778**

**To be Conducted via Teleconference and Video  
Conference ONLY**

**NOTICE**

**PLEASE NOTE THAT DUE TO THE COVID-19-RELATED PUBLIC GATHERING RESTRICTIONS, THERE WILL BE NO IN-PERSON ATTENDANCE AT THIS MEETING.**

This meeting is being conducted in conformance with the State of Nevada Executive Department Declaration of Emergency Directive 006, dated March 22, 2020, as extended by Emergency Directive 029, dated July 31, 2020, extending public meeting closures and restrictions for the duration of the current state of emergency, unless terminated by a subsequent directive or by operation of law associated with lifting the Declaration of Emergency. **Please check [cityofhenderson.com](http://cityofhenderson.com) for updates to meeting closures and restrictions.** If you desire to view, listen, or provide live real-time text public comment for this meeting, please utilize the following link: <http://bit.ly/WEBEXMarch17>. You may also send your comments via email to [Melissa.Wright@cityofhenderson.com](mailto:Melissa.Wright@cityofhenderson.com).

Notice to persons with special needs: For those requiring special assistance or accommodation to attend or participate in this meeting, arrangements for a sign language interpreter or services necessary for effective communication for qualified persons with disabilities should be made as soon as possible, but no later than 72 hours before the scheduled event. Please contact Melissa Wright at (702) 267-1778 or TTY: 7-1-1 at least 72 hours in advance to request a sign language interpreter. You may also submit your request by using [Contact Henderson](#).

The Chair reserves the right to hear agenda items out of order, combine two or more agenda items for consideration, remove an item from the agenda, or delay discussion relating to an item on the agenda at any time. **THERE WILL BE NO IN-PERSON ATTENDANCE AT THIS MEETING.**

Public comment will be taken at the designated Public Comment periods through live real-time text using the link provided above or emailing them to [Melissa.Wright@cityofhenderson.com](mailto:Melissa.Wright@cityofhenderson.com). Individuals will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes at the discretion of the Chair. The Chair reserves the right to curtail abusive, offensive, inflammatory or repetitive comments that disrupt, disturb or otherwise impede the orderly conduct of the meeting. See [NRS 241.030\(4\)\(a\)](#). Examples of disruptive conduct include, without limitation, yelling, stamping of feet, whistles, applause, heckling, name calling, use of profanity, personal attacks, physical intimidation, threatening use of physical force, assault, battery, or any other

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acts intended to impede the meeting or infringe on the rights of the board and/or committee members, City staff, or meeting participants.

Backup materials for agenda items can be found at the Audit Administration or on the City's website at: <http://henderson.siretechnologies.com/sirepub/meetresults.aspx>. To request backup materials, please contact Melissa Wright at (702) 267-1778.

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**I. CALL TO ORDER**

**II. CONFIRMATION OF POSTING AND ROLL CALL**

**III. PUBLIC COMMENT**

Public Comment during this portion of the agenda must be limited to matters on the agenda. Individuals will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes at the discretion of the Chairman. The Chairman reserves the right to curtail abusive, offensive, inflammatory or repetitive comments that disrupt, disturb or otherwise impede the orderly conduct of the meeting. See NRS 241.030(4)(a). Examples of disruptive conduct include, without limitation, yelling, stamping of feet, whistles, applause, heckling, name calling, use of profanity, personal attacks, physical intimidation, threatening use of physical force, assault, battery, or any other acts intended to impede the meeting or infringe on the rights of the board and/or committee members, City staff, or meeting participants.

**IV. ACCEPTANCE OF AGENDA (For Possible Action)**

**V. NEW BUSINESS**

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**NB-1** MINUTES  
AUDIT COMMITTEE MEETING  
JULY 8, 2020

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Adopt**

Audit Committee meeting minutes of July 8, 2020.

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**NB-2** DRAFT FOLLOW-UP AUDIT REPORT  
CITYWIDE  
PAYMENT CARD INDUSTRY (PCI) COMPLIANCE

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft follow-up audit report of Citywide Payment Card Industry (PCI) Compliance.

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**NB-3** DRAFT FOLLOW-UP AUDIT REPORT  
CITY MANAGER'S OFFICE  
SOCIAL MEDIA

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft follow-up audit report of the City Manager's Office Social Media.

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**NB-4** DRAFT FOLLOW-UP AUDIT REPORT  
DEPARTMENT OF PUBLIC WORKS  
CITY FLEET

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft follow-up audit report of the Department of Public Works City Fleet.

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**NB-5** DRAFT AUDIT REPORT  
CITYWIDE  
TAKE-HOME VEHICLES

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft audit report of Citywide Take-Home Vehicles.

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**NB-6** DRAFT AUDIT REPORT  
COMMUNITY DEVELOPMENT AND SERVICES DEPARTMENT  
CODE ENFORCEMENT

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft audit report of Community Development and Services Department Code Enforcement.

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**NB-7** DRAFT AUDIT REPORT  
HENDERSON POLICE DEPARTMENT  
DETENTION CENTER

INTERNAL AUDIT

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**For Possible Action.**  
**RECOMMENDATION: Approve**

Receive and approve draft audit report of the Henderson Police Department Detention Center.

**VI. CHAIRMAN\MEMBER COMMENTS**

The Chairman and Members may speak on any subject under this section of the agenda. Chairman and Members may comment on matters including, without limitation, future agenda items, upcoming meeting dates, and meeting procedures. Comments made cannot be acted upon or discussed at this meeting, but may be placed on a future agenda for consideration.

**VII. SET NEXT MEETING**

**VIII. PUBLIC COMMENT**

Items discussed under this Public Comment period cannot be acted upon at this meeting, but may be referred to a future agenda for consideration. Individuals will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes, at the discretion of the Chairman. The Chairman reserves the right to curtail abusive, offensive, inflammatory or repetitive comments that disrupt, disturb or otherwise impede the orderly conduct of the meeting. See NRS 241.030(4)(a). Examples of disruptive conduct include, without limitation, yelling, stamping of feet, whistles, applause, heckling, name calling, use of profanity, personal attacks, physical intimidation, threatening use of physical force, assault, battery, or any other acts intended to impede the meeting or infringe on the rights of the board and/or committee members, City staff, or meeting participants.

**IX. ADJOURNMENT**

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Posted by 9:00 a.m., MARCH 10, 2021, at the following locations:  
City Hall, 240 South Water Street, 1st Floor Lobbies  
Multigenerational Center, 250 South Green Valley Parkway  
Whitney Ranch Recreation Center, 1575 Galleria Drive  
Fire Station No. 86, 1996 East Galleria Drive  
[www.cityofhenderson.com](http://www.cityofhenderson.com)  
<https://notice.nv.gov>

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**CITY OF HENDERSON  
AUDIT COMMITTEE  
REGULAR MEETING MINUTES  
Wednesday, July 8, 2020**

**I. CALL TO ORDER**

Chairman John F. Marz called the City of Henderson Audit Committee meeting to order at 4:00 p.m. in the Midway Conference Room, 1<sup>st</sup> Floor, City Hall, 240 South Water Street, Henderson, Nevada 89015.

**II. CONFIRMATION OF POSTING AND ROLL CALL**

Melissa Wright, City Auditor, confirmed the City of Henderson Audit Committee meeting had been noticed in compliance with the Open Meeting Law by posting the Agenda three working days prior to the meeting at City Hall, the Multigenerational Center, the Whitney Ranch Recreation Center, Fire Station No. 86, the Nevada Public Notice website, and the City of Henderson website, and by mailing and emailing a copy of the Agenda to everyone appearing thereon on the Agenda Master Mailing and Emailing List.

**PRESENT:** Chairman John F. Marz  
Councilman Dan K. Shaw  
Bryan Allison

**ABSENT:** None

**STAFF:** Richard Derrick, City Manager/CEO  
Andre Dixon, Deputy City Clerk  
Jennifer Fennema, Director of Human Resources  
David Furber, Senior Internal Auditor (via WebEx)  
Stephanie Garcia-Vause, Chief Strategy Officer/Asst City Manager (via WebEx)  
Robert Herr, Chief Infrastructure Officer/Assistant City Manager  
Jonathan Lal, Senior Internal Auditor (via WebEx)  
Jim McIntosh, Chief Financial Officer  
Paul McPhee, Senior Internal Auditor (via WebEx)  
Brian Reeve, Assistant City Attorney III  
Melissa Wright, City Auditor  
Nicholas Vaskov, City Attorney

**GUESTS:** David Hackett, Senior HRIS Business Analyst  
Sally Ihmels, Assistant Director of Human Resources  
John Lotito, Police Lieutenant  
Russell Nelson, Assistant Chief Information Officer  
Ruth Tekabe, Senior HRIS Business Analyst

**III. PUBLIC COMMENT**

There were no public comments presented.

**IV. ACCEPTANCE OF AGENDA**

(Motion)

Councilman Shaw introduced a motion to accept the agenda as presented. The vote favoring approval was unanimous. Chairman Marz declared the motion carried.

**V. NEW BUSINESS**

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**NB-1** MINUTES  
AUDIT COMMITTEE MEETING  
FEBRUARY 25, 2020

INTERNAL AUDIT

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Audit Committee meeting minutes of February 25, 2020.

(Motion)

Councilman Shaw introduced a motion to accept the Audit Committee meeting minutes of February 25, 2020, as presented. The vote favoring approval was unanimous. Chairman Marz declared the motion carried.

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**NB-2** DRAFT AUDIT REPORT  
HENDERSON POLICE DEPARTMENT  
TRAFFIC CITATIONS

INTERNAL AUDIT

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Receive and approve draft audit report of Henderson Police Department Traffic Citations.

Melissa Wright, City Auditor, referred to the PowerPoint presentation titled Henderson Police Department Traffic Citations Audit and stated the annual audit was completed in compliance to the requirements of NRS 484A.690.

Ms. Wright said the Police Department had approximately a 41 percent increase in issued citations over the prior year due to the department increasing the number of handheld devices used in the field. She stated the Police Department had a clean traffic citations audit report with no reported material areas of deficiency or noncompliance.

Following an inquiry by Chairman Marz regarding the large increase in citations, John Lotito, Police Lieutenant, said the addition of more electronic handheld devices used by officers allowed for increased efficiency in the traffic citation process, and therefore, an increase in the number of citations issued.

(Motion)

Councilman Shaw introduced a motion to accept and approve the draft audit report of the Henderson Police Department Traffic Citations. The vote favoring approval was unanimous. Chairman Marz declared the motion carried.

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**NB-3** DRAFT AUDIT REPORT  
PEOPLESOFT HUMAN RESOURCES/PAYROLL ACCESS CONTROLS  
INTERNAL AUDIT

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Receive and approve draft audit report of PeopleSoft Human Resources/Payroll Access Controls.

Melissa Wright, City Auditor, referred to the PowerPoint presentation titled PeopleSoft Human Resources/Payroll Access Controls Audit and discussed the objectives, scope, and recommendations. She stated the audit examined the Peoplesoft rules that are currently in place in different City departments.

Councilman Shaw stated he has concern regarding compliance with Payment Card Industry Data Security Standards (PCI DSS) and how well Peoplesoft integrates between different City departments to produce financial statements.

Jim McIntosh, Chief Financial Officer, stated some financial report gathering requires the use of a third-party patch with Peoplesoft to complete. He said his team would prefer a more robust and comprehensive program capable of integrating between as many City's departments as possible to complete financial reporting without the need of a third-party patch.

Russell Nelson, Assistant Chief Information Officer, stated a potential Peoplesoft replacement was looked at previously; however, it was determined to be more fiscally viable to upgrade Peoplesoft rather than replace it. He said a Peoplesoft upgrade or replacement is on Information Technology's project list for Fiscal Year 2021 and staff will look at the feasibility of other options.

A discussion ensued regarding the security, control, and support dynamics of Peoplesoft between the Information Technology, Human Resources, and Finance departments.

It was the consensus among the Committee for City staff to look at newer and alternative products to Peoplesoft to determine whether there are better and financially feasible options available to the City.

(Motion)

Chairman Marz introduced a motion to accept and approve the draft audit report of PeopleSoft Human Resources/Payroll Access Controls. The vote favoring approval was unanimous. Chairman Marz declared the motion carried.

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**NB-4** DRAFT AUDIT REPORT  
CITYWIDE PURCHASE RETURNS AND CREDITS

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INTERNAL AUDIT

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Receive and approve draft audit report of Citywide Purchase Returns and Credits.

Melissa Wright, City Auditor, summarized the PowerPoint presentation titled Citywide Purchase Returns and Credits Audit and said this audit encompassed the time period of July 1, 2018, through December 31, 2019. Ms. Wright stated the audit report of Citywide Purchase Returns and Credits found no areas of deficiency or noncompliance.

(Motion)

Councilman Shaw introduced a motion to accept and approve the draft audit report of Citywide Purchase Returns and Credits. Chairman Marz declared the motion carried.

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**NB-5** PROPOSED FISCAL YEAR 2021 AUDIT PLAN

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INTERNAL AUDIT

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Receive and approve proposed Fiscal Year 2021 audit plan.

Melissa Wright, City Auditor, referred to the backup documents titled Proposed Fiscal Year 2021 Audit Plan and reviewed the proposed audits being considered for Fiscal Year 2021. She said the Committee will also be presented follow-up audit results regarding audit recommendations approved at previous meetings, as well as results of additional procedures that the Committee requested.

Ms. Wright stated audits of Code Enforcement and the Henderson Detention Center are currently being conducted but everything else on the list will be new audits for the year. She said the audit team will request City management input on where to best devote resources within the departments on the list that do not have specific audit areas determined yet.

A discussion ensued regarding potential areas within different City departments the Committee would like the Audit team to consider for their 2021 audits.

Chairman Marz requested the Committee members and City management

review the list to determine areas of priority and provide the feedback at the next meeting.

(Motion)

Chairman Marz introduced a motion to accept and approve the proposed Fiscal Year 2021 audit plan. The vote favoring approval was unanimous. Chairman Marz declared the motion carried.

**VI. CHAIRMAN\MEMBER COMMENTS**

There were no Chairman\Member comments presented.

**VII. SET NEXT MEETING**

The next meeting was set for Wednesday, November 4, 2020.

**VIII. PUBLIC COMMENT**

There were no public comments presented.

**IX. ADJOURNMENT**

There being no further business to be discussed, Chairman Marz adjourned the meeting at 4:34 p.m.

Respectfully submitted,

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Andre Dixon,  
Deputy City Clerk

# Citywide Payment Card Industry (PCI) Compliance Follow-up Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

### **Councilman**

John F. Marz

### **Councilman**

Dan Shaw

### **Member-At-Large**

Bryan Allison

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### **City Auditor**

Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

## **BACKGROUND**

The Citywide Payment Card Industry (PCI) Compliance audit report was approved by the Audit Committee on August 21, 2019. There was one finding with a recommendation for corrective action included in this report. The details are listed below. It was determined that the department would be given additional time before the follow-up audit would be conducted to allow adequate time to work towards full compliance which was anticipated by December 2020.

## **RESULTS**

### **PCI Compliance Status**

#### **Status: Implemented**

##### *Finding*

The City of Henderson (City) is not rated as being compliant with the PCI Data Security Standard (DSS). Through our audit procedures, we found that IT has made progress towards becoming compliant. They have implemented a revised Plan of Action; identified a timeline including all remediation steps and deadlines; and are anticipating being fully compliant by December 2020. They have analyzed all applicable policies and procedures providing guidance over compliance to ensure that they fall in line with the PCI DSS. They have already discontinued non-compliant payment processing systems (i.e. maintaining credit card information on file and taking over the phone payments); and they have already started migrating payments to external PCI compliant processors and removing payment card data from the City's technology network.

In addition to hiring Mosaic451, LLC for constant cyber monitoring, IT has implemented effective monitoring controls that include conducting internal vulnerability scans and penetration tests; and they follow-up on any identified issues immediately. They also submit required annual documentation to the applicable financial institution showing progress towards full compliance.

The City has designated adequate resources to becoming fully compliant with the PCI DSS to ensure that cardholder data and other sensitive information is properly safeguarded. The process to become compliant is lengthy and involves many steps including the initial assessment of the network and network systems, scope identification, scope reduction, configuration changes, cultural changes, creation/revision of policies and procedures, performance of a risk assessment and completion of compliance paperwork. In addition, compliance is a continual process and requires constant oversight even after full compliance is achieved.

*Recommendation*

We recommended that IT continue to invest adequate resources and work towards full compliance by the anticipated December 2020 date.

*Management Response*

"We agree with the recommendations to continue to invest adequate resources and work towards full compliance by the anticipated December 2020 date."

*Corrective Action Taken*

PCI Compliance Status

The City was at 66.3 percent compliance with PCI DSS at the time of the original audit engagement and reported 79.8 percent compliance in the 2019 annual self-assessment submitted to Wells Fargo in January 2020. As of March 2021, IT reported that the City is at 96. percent compliance with a new estimated 100 percent compliance date of December 2021.

The City's only hold up from 100 percent compliance is the last on-premise credit-card processing system, iCart. This is a specialized portal used to process payments in the Henderson Police Department's Special Programs and Services Division. There were 5,300 transactions processed through iCart in FY 2020 totaling approximately \$440,000, or an average of \$83 per transaction. A contract with the new vendor is currently in place and staff are working on implementation now.

Once iCart is decommissioned the City will have zero on-premise storage, processing, or transmission of unencrypted credit card data. This will allow the City's PCI scope to be reduced to items already completed, leaving the City at 100 percent compliance.

Additional Information

The original PCI Compliance audit report noted that the City hired a third-party managed security service provider, Mosaic 451, to provide 24/7 security monitoring and alerting of the City's information technology environment in 2017. That three-year contract expired in December 2020. IT performed an informal Request for Proposal (RFP) and selected ReliaQuest as the new third-party provider. City Council approved this change in September 2020 and the new service commenced prior to the end of December 2020 with no gap in coverage.

# City Manager's Office Social Media Follow-up Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

### **Councilman**

John F. Marz

### **Councilman**

Dan Shaw

### **Member-At-Large**

Bryan Allison

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### **City Auditor**

Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

## **BACKGROUND**

The audit report for the Department of Government and Public Affairs was approved by the Audit Committee on March 6, 2019. There were nine recommendations for corrective action included in this report. Due to organizational changes that occurred shortly after the completion of the original audit engagement, it was determined that the department would be given an additional six months before the follow-up audit would be conducted. In addition, the social media function was moved under the City Manager's Office, Marketing and Communications Division (Marketing) as of August 2020. The details are listed below.

## **RESULTS**

### **Social Media Program Best Practices**

#### **Status: Implemented**

##### *Finding*

We found that most social media programs are primarily centralized with various levels of decentralization. Social media programs benefit from a centralized approach for reasons such as the development of policies and procedures; consistent branding; monitoring effectiveness (through reports); and providing consistent training to department liaisons. However, some decentralization is required to ensure that individual departments can provide a more in-depth approach into the conversations related to specific department topics and ensure that the public is engaged, and not just receiving one-way information.

Some City department staff that we spoke to indicated that they do not feel directly involved in the conversations regarding their specific programs and services; and they do not believe that social media is being used effectively to engage, inform and interact with the right target audiences, or to network/connect with similar organizations. These City departments do not feel like they have a direct connection with the public on their social media accounts, and the Social Media Business Partners (Business Partners) do not always have firsthand knowledge of the specific programs and services available. Business Partners do respond to comments and inquiries through the City's social media; however, because of limited staff resources, the responses do not necessarily provide detailed information. For example, general responses to comments such as "Please contact the specific site for more details" are often provided instead of more detailed responses directly on the social media accounts. These responses promote one-way communication and do not encourage engagement and interaction with the public.

Marketing has already identified the need for more decentralization and is trying to accomplish this through the standards provided in the draft policy and procedures, as well as the implementation of the Pilot Program. This decentralization will allow department staff to have more input and interaction with the public, as well as other organizations, to promote

networking and the promotion of events/activities; improve the monitoring of posts; and provide more relevant/detailed responses to the public.

### *Recommendations*

1. We recommended that Marketing continue to work with City Management to determine how the City's social media outreach should function and how much oversight is required to ensure that timely, relevant information is communicated.
2. In addition, we recommended that Marketing continue to review appropriate participation in the Pilot Program and determine if increased decentralization would be beneficial.

### *Management Response*

Agreed with these findings and will continue to work with the City Manager's Office on updates to the draft social media policy, directives, and outcomes of the Pilot Program, and review participation in the Pilot Program. In fact, the Destination Henderson social media pages were recently added to the Pilot Program giving tourism staff the ability to post at tradeshow, conferences, and when they are out in the field.

### *Corrective Action Taken*

Marketing worked with City Management and determined that two new Social Media Officer (Officer) positions would be needed to adequately manage the City's social media accounts, develop social media content and drive paid social media strategy. One Officer is primarily responsible for the management of social media accounts, including posting content and responding to public comments; and the other one focuses on metrics and analytics. These positions were filled in August 2019 and work closely with the Business Partners who are each assigned a specific department. The addition of these positions has shifted some responsibility from the Business Partners allowing them to prioritize their focus on working closely with their assigned departments.

The social media calendar tool, Loomly, was tested in the Pilot Program to determine if some level of decentralization allowing more involvement from departments was feasible. However, this tool was replaced with a more robust social media publishing tool called Socialbakers in January 2020. Socialbakers has many advantages and additional functionality including advanced measurement and reporting capabilities, cross-account and platform content calendars, increased security, the ability to manage all social media activities under one platform, single sign-on (SSO) functionality, and data analytics tools.

The implementation of Socialbakers and the addition of the two Officers allows for a centralized yet collaborative approach to social media ensuring that the integrity of all social media accounts is maintained, and that content aligns with the larger City's brand strategy, tone/voice

and messaging. Having all accounts owned by one centralized department is crucial for account security. Passwords and access can be monitored, changed or updated depending on employee turnover and there is a clear record of all emails connected to accounts. When accounts are decentralized, there is no oversight or assurance that accounts are updated, who has access, and if the account is owned by a person no longer employed by the City, which could open the City up to risk. In addition, regaining access to lost accounts is difficult and time intensive. Centralized oversight also ensures that content posted is appropriately spaced out so that it doesn't overlap or overwhelm a specific day. Spacing out content helps increase the reach of that content. Therefore, it was determined in conjunction with City management that all accounts and credentials will be managed by Marketing staff. However, departments can submit a request for approval to be a Social Media Publisher (Publisher) which would allow them to manage their specific accounts directly, under the supervision of Marketing staff. Currently, staff in the Henderson Police Department and Animal Control are approved Publishers for their accounts.

Departments contribute to social media content by working directly with their Business Partner. In addition, the implementation of a social media idea submission form (located on CityNet) was created to increase collaboration with all City employees and allows any employee to submit an idea for a social post directly to the social media team.

## **Social Media Policies and Procedures**

### **Status: Implemented**

#### *Finding*

Policies and procedures play an important role in any organization and are essential to ensure the effective and efficient management of a social media program and to reduce the risks associated with social media use. Currently, the City does not have a detailed social media policy and procedures in place. Marketing is in the process of developing policies and procedures that establish standards for the appropriate use of social media and social media networking sites within the City.

After a review of information from the International City/County Management Association (ICMA), the Institute of Internal Auditors (IIA), and social media policies and best practices from various entities, we found that the City's draft policy and procedures provides much more detail in comparison to other entities; and includes the majority of areas that the other entities addressed regarding social media use within each organization. We found that some policy areas are not covered appropriately. These areas include training and reporting requirements, procedures addressing revoking access during terminations/reassignments, standards forbidding the use of shared logins, password standards (i.e. that they should adhere to the City's password standards), when to hide or delete posts and comments, and a detailed explanation of the social media strategic plan.

### *Recommendations*

3. We recommended that Marketing continue to work with the City Attorney's Office to ensure that these areas are addressed appropriately.
4. In addition, we recommended that Marketing also consults with the Department of Information Technology (IT) to ensure that their specific concerns are addressed.

### *Management Response*

Agreed with this finding. In addition to the internal social media audit conducted by your staff, we requested a legal audit of the city's social media draft policy, directives, and procedures and will update Senior Management with the legal findings to decide next steps. We will ensure that department marketing objectives lead to the efficient and effective use of social media.

### *Corrective Action Taken*

The City Attorney's Office recommended keeping the existing Social Media Policy (No. B-19) because it adequately addresses employee use of social media. Therefore, no changes were made to this document. However, they did recommend creating a directive addressing the social media function in more detail. IT was consulted to ensure their specific concerns regarding security were addressed in the process.

The Social Media Directive, effective September 2020, establishes guidelines for official use of social media including oversight, security, and procedures to establish new channels to engage in social media activities. In addition, two social media best practices documents were developed to provide even more guidance to all City employees and approved Publishers. These documents address goals for social media, security and account access, account management, branding, platform types, content, strategies, posting and advertising guidelines, multimedia use, and customer care/response.

Business Partners provide these documents and appropriate training to each of their departments. In addition, all documents are available on CityNet.

### **Social Media Outreach Objectives**

#### **Status: Implemented**

#### *Finding*

After interviews with staff from Marketing and various City departments, we found that Marketing is taking the appropriate steps to establish specific objectives for social media outreach within the City. They have already identified the need to work closer with each department to ensure that the objectives are applicable and a good measure of effectiveness

(through the development of social media strategies); and they have already identified the need to allow departments to have more control over the information posted on social media accounts (through the use of Loomly).

However, we found that not all departments feel that they are involved in providing input regarding their specific social media needs. In addition, we found that the departments that requested to use Loomly for more direct interaction with the public are not always meeting the requirements of the co-developed objectives specified in their social media strategies. Therefore, there is actually less interaction from the City overall.

#### *Recommendations*

5. We recommended that Marketing, in conjunction with City departments, ensure that objectives created fall in line with City Management's direction to ensure that social media is being used efficiently and effectively throughout the organization.
6. In addition, we recommended that Marketing determine a process to communicate feedback to City departments when staff is not meeting the identified departmental objectives.

#### *Management Response*

Agreed with this finding. Business Partners will schedule quarterly meetings with their assigned departments to review goals and objectives.

#### *Corrective Action Taken*

Marketing has defined Key Performance Indicators (KPI's) for social media. These KPI's include the following:

- Grow followers 30% year over year.
- Increase total impressions (number of times social media browsers have showed content) 10% year over year.
- Increase number of positive interactions (i.e., mentions, likes, etc.) 40% year over year.
- Respond to comments and questions within 24 hours, even outside of regular business hours.

In addition, they continue to work closely with City Management and individual departments to create objectives related to their specific needs. Data is reviewed daily, weekly and monthly through Socialbakers reports to ensure their specific objectives are being met.

As stated before, Socialbakers has advanced reporting capabilities and allows Marketing to more efficiently measure impact across all social media accounts. Reports that used to take weeks to complete now only take a few hours; and the data is more accurate and consistent. The weekly

report provided to City Management has been refined and includes expanded social media data and weekly trends. The monthly reports provided to City Management and the individual departments are now automatically generated and include expanded reporting and insights.

Labeling conventions have been expanded to track City initiatives such as COVID-19 response, DUS Conservation efforts, Kids Zone at Home and much more. Reports can drill down based on topic regardless of what page the content is posted on. Incoming comments are automatically labeled based on keywords, provided quantifiable insight into what residents are saying on the City's social media.

Marketing has set a goal to respond to all questions and concerns within 24 hours, even on weekends. In 2020, they responded to 5,959 comments and messages. Previously, they did not have a way to measure trends in comment topics. However, Socialbakers has the capability to use labels to analyze customer care and response. Common topics are now being measured allowing them to take a high-level look across all social media pages or dive into a specific account or topic as needed.

## **Social Media Branding**

### **Status: Implemented**

#### *Finding*

Branding is an important aspect of every social media marketing strategy. It allows the organization to be easily identifiable, distinguishes one organization from another, and allows an organization to build their reputation. In addition, because social media is freely available to anyone, appropriate branding also allows official City social media accounts to be differentiated from non-official sites.

Social media is an important way to identify the City's brand. Content on social media represents the City and the services provided; therefore, it is important that the City's image is maintained by ensuring that all social media accounts are consistent. Some important components of branding an organization on social media are to ensure that the organization's logo is visible and identifiable; and that there is consistency in fonts, colors, graphics, designs, style and tone of communication.

In a review of the 37 official City social media accounts, we found that 20 accounts did not have an official City logo; 25 accounts did not include an official branding statement; and 7 accounts did not have a consistent format compared to other accounts in a similar social media platform. In addition, official City Internet websites are the main source of information for the public. Social media platforms are an extension of, and supplement information provided on, the website. All social media accounts should direct the public back to one of the City's official Internet websites to take full advantage of presenting all services to the public.

In a review of the 37 official City social media accounts, we found that 9 accounts did not link back to an official City Internet website.

*Recommendation*

7. We recommended that Marketing ensure that the policy and procedures define branding requirements in detail; and address the specific requirements for each social media platform to include the use of an official City logo and a link back to an official City Internet website.

*Management Response*

We will formalize the information contained in the training manual and will create a style guide for each social media page to define branding requirements. We do not recommend that all pages include an official city logo as this would make it difficult to distinguish pages. The Standards and Procedures draft document states "All Official Social Media Accounts shall link back to the City's official website for forms, online services, and other information necessary to conduct business with the City." All social media pages link to an official city website. Per the draft Standard and Procedures document, the following text must be included on all Official Accounts, "This is the official (Name of Social Media Platform) account for the (Department Name) of the City of Henderson, Nevada."

*Corrective Action Taken*

Marketing does not recommend that all pages include an official City logo as this would make it difficult to distinguish pages. However, they did agree that there should be specific criteria for logos and profile header images to ensure that official City accounts look professional and are easily identifiable.

The social media best practices documents specifically outline the branding requirements adopted by Marketing for all official accounts and include the following:

- Official City logos (i.e., City of Henderson, HPD, Fire, etc.) should be used as the account's profile image when applicable. Pages that do not have an official City logo can use another approved image.
- Profile header images should include optimized, high-quality images which do not cut off text or approved logos. All images which are promoting a City event, activity, program, etc. should include an official City logo in the profile image.
- Links to the City Intranet website and Social Media Terms of Use (see Legal Disclaimers section below), and a statement that it is an official City account should be included on every page when possible (Instagram has a character limitation).

After a review of 20 social media accounts on Facebook, Twitter and Instagram, we found that all 20 (100 percent) of these accounts were updated to align with these guidelines.

## **Legal Disclaimers**

### **Status: Implemented**

#### *Finding*

Social media includes all means of communicating or posting information or content of any sort on the Internet. Because social media is a public forum, public comments are allowed on the City's official accounts and could have serious ramifications and potentially put the City at risk. Therefore, a statement specifying that public comments or content shared on the City's social media accounts are not an endorsement or recommendation from the City should be included on each site. Disclaimers may also address appropriate content and the right to remove inappropriate content.

#### *Recommendations*

8. The City's draft policy and procedures do address the requirement to post a disclaimer, or link for a disclaimer, on every official City social media account. In an effort to protect the City from unnecessary risks, we recommended that Marketing continue to work closely with the City Attorney's Office to finalize the language for all legal disclaimers on the City's official social media sites.
9. We recommend that Marketing ensure all official social media accounts are updated accordingly when the social media policy and procedures are finalized.

#### *Management Response*

None provided.

#### *Corrective Action Taken*

Marketing worked with the City Attorney's Office to finalize the Terms of Use (i.e., legal disclaimers). Updates will be made as required to ensure they are relevant given the evolving social media landscape. These Terms of Use are easily accessible on the City's Internet website and all social media accounts should have a direct link to them.

After a review of 20 social media accounts on Facebook, Twitter and Instagram, we found that all 20 (100 percent) of these accounts contained a link to the Terms of Use.

# Department of Public Works City Fleet Follow-up Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

### **Councilman**

John F. Marz

### **Councilman**

Dan Shaw

### **Member-At-Large**

Bryan Allison

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### **City Auditor**

Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

## **BACKGROUND**

The audit report for the Department of Public Works (Public Works) City Fleet was approved by the Audit Committee on August 21, 2019. There were nine findings with recommendations for corrective action included in this report. The details are listed below.

## **RESULTS**

### **Underutilized Vehicles**

#### **Status: Implemented**

##### *Finding*

During Calendar Year (CY) 2018, underutilized vehicles totaled 125, representing approximately 12 percent of the total vehicles in the fleet. Public Works has an operating procedure that requires Fleet Maintenance to generate an annual utilization report reflecting vehicles and equipment that do not meet the usage goals of 2,500 miles (for vehicles) or 125 hours (for metered equipment) per calendar year. Currently, they are not consistently communicating this information to departments.

##### *Recommendation*

1. We recommended that Public Works annually report vehicles with low utilization to department heads and require departments to justify low mileage vehicles. If appropriate justification is not provided, vehicles should be reassigned or sold through auction. Public Works should have, and exercise, the authority to reassign or sell underutilized vehicles.

##### *Management Response*

"A standard operating procedure (SOP) for the Department has already been prepared. Public Works will work with the City Attorney's Office (CAO) and the Human Resources Department (HR) to elevate the SOP to a City-wide policy."

##### *Corrective Action Taken*

Per review of the low mileage report dated August 3, 2020, 164 vehicles are listed. The Assistant Director of Public Works has been meeting with departments to review the low mileage vehicles. To date, 55 vehicles, or 34 percent, have been identified for reallocation (i.e., motor pool, reassignment, or disposal/auction).

In January of each year, the Fleet Operations and Maintenance Manager notifies department directors of vehicles not meeting the minimum usage requirements. Written justification for continued retention in the fleet must be submitted to the Director of Public Works within 60

calendar days. If 60 days pass without a submission or if an inadequate explanation is provided, the Fleet Operations and Maintenance Manager will be notified, and the vehicle will be reassigned or removed from service and sold.

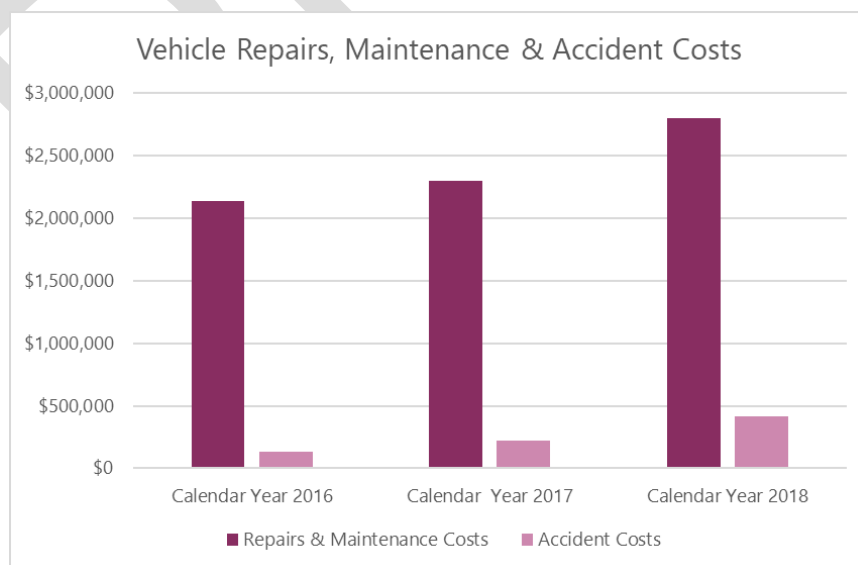
Public Works is performing a trial run of using Telematics on 24 vehicles. A telematics system includes a vehicle tracking device installed in a vehicle that allows the sending, receiving, and storing of telemetry data. The telematics data captured can include location, speed, idling time, harsh acceleration or braking, fuel consumption, mileage, vehicle faults and more. Benefits include increased efficiency, improved safety, reduced operating costs, optimizing vehicle performance, and scheduling alerts for repairs and preventive maintenance. Preliminary data from the trial run is reflecting positive information. For example, fuel cost savings of approximately \$1,200 per month could be realized by reducing unnecessary vehicle idling time for these 24 vehicles. Fleet Maintenance anticipates moving toward widespread use of Telematics on all City Fleet vehicles.

**Repairs and Maintenance Costs**

**Status: Implemented**

*Finding*

The costs for repair and maintenance (including parts and labor) for fleet vehicles were obtained from Fleet Maintenance for CY 2016 through CY 2018. The cost to repair or replace vehicles as the result of accidents for the same period were obtained from Risk Management. The following chart shows the trend of these costs tripling over the three-year period. Funding to replace vehicles totaled in accidents is provided by the City Shop Internal Service Fund. The increase in these costs reduces available dollars for new vehicle purchases.



*Recommendation*

2. We recommended that Public Works, with assistance from Risk Management, communicate accident information to departments, along with the associated costs to repair and replace these vehicles.

*Management Response*

"Public Works will coordinate with Risk Management to develop a procedure for regularly calculating and reporting crash-related costs to individual departments."

*Corrective Action Taken*

For any vehicle accident, the driver must complete a vehicle accident report that must be signed by the employee's supervisor, thus alerting the department of the accident. This report along with any associated backup (i.e., emails, drug test, pictures) are sent to Risk Management as well as the Fleet Operations and Maintenance Manager. Once repairs or replacement costs are completed or known, the department's budget is charged accordingly.

**Fleet Maintenance Hours of Operation**

**Status: Implemented**

*Finding*

Hours of operation for Fleet Maintenance are Monday through Thursday from 6 a.m. to 4 p.m. In the event of a breakdown outside of these hours, a City vehicle must be driven or towed by a third party to the City Shop and the vehicle would remain there until staff return to work (or are called out for overtime at double time pay rates if the vehicle is critical to operations and a loaner is not available) to conduct needed repairs.

The vehicles and equipment within the Fire, Police, and Utility Services departments comprise approximately 62 percent of the total City fleet. Fire and Police department staff work seven days a week, 24 hours a day. Field Operations staff within Utility Services are the heaviest users of assigned vehicles and equipment and operate Monday through Friday from 6 a.m. to 4 p.m., with staff on stand-by to handle emergency water or wastewater needs outside of normal working hours. Staff in other areas within Utility Services also work outside of the Monday through Thursday schedule and use vehicles and equipment during those times.

Vehicles and equipment in working order are critical for each of these departments to meet the needs of the public. Staff are negatively impacted when vehicles and equipment are not available due to needed maintenance or repairs. Additionally, the typical vehicles and equipment used in various departments (i.e., vector trucks, sweepers, fire engines, etc.) are some of the more costly

ones to repair and replace. With limited capital funds available to meet fleet needs, spare vehicles and equipment are not available to fill in when breakdowns occur. Therefore, timely repairs are critical for operations.

In addition, the departments of Community Development & Services, Parks & Recreation, and Public Works also have staff that work outside of the standard Monday through Thursday schedule and rely on assigned City Fleet vehicles and equipment to perform their assigned tasks.

The current schedule for Fleet Maintenance is not optimal to meet City department needs.

#### *Recommendation*

3. We recommended that Public Works conduct an analysis to determine if changes to the hours of operation for Fleet Maintenance would better serve their internal customers. If their analysis demonstrates that different or split hours of operation are needed, then we recommend that Public Works implement the necessary changes.

#### *Management Response*

"Public Works will examine alternative operating schedules including staffing requirement and financial impacts."

#### *Corrective Action Taken*

Fleet maintenance and repair services are now available Monday through Friday from 6 am to 4 pm effectively January 4, 2021, at the new Fleet Maintenance building located at 2201 Moser Drive.

### **Fleet Replacement Program**

**Status: Implemented**

#### *Finding*

An important responsibility of Fleet Maintenance is a sound vehicle replacement program. Failure to have a plan, having a poor plan or having a well-developed plan that lacks adequate available financial resources may result in the following symptoms:

- an aging fleet that requires more frequent repairs;
- more costly repairs due to the failure of major components;
- over-and under-utilized vehicles;
- units sold for low residual returns;

- an aging fleet with reduced reliability exposes the City to higher safety and liability concerns;
- unknown timing of vehicle replacement; and
- competing for dollars to replace vehicles with other City department needs.

The accumulation of adequate funding is a challenge for any fleet. Funds are often targeted to pay for critical operational expenses during economic downturns and capital replacement is deferred. However, an effective replacement program only works well when it includes ongoing financial support to replace each unit on an established predetermined schedule. A program with a committed, ongoing funding plan will set aside the correct amount of replacement dollars throughout the life of each unit. When replacement needs occur, adequate funding would then be available.

A comprehensive fleet replacement program must be common throughout the City. This approach accounts for fleet vehicles as City assets rather than individual department assets. The best fleet replacement cycle is when vehicles are replaced at a point in time when the combination of holding and operating costs per mile are at their lowest.

The application of vehicle replacements should be reviewed to ensure that appropriate vehicles are purchased for their intended use. For example, a heavy-duty pick-up truck is not necessary for staff assigned to read meters.

The current fleet includes numerous diesel-powered pickup trucks. Pursuant to Nevada Revised Statute (NRS) 486A requirements for local government fleets to include alternative fuel vehicles, Public Works purchased ¾-ton diesel pick-up trucks in large numbers in the past to meet this requirement. The emissions control systems on these vehicles are not optimal for City driving and these vehicles are more expensive to purchase, operate and maintain according to Fleet Maintenance records. The NRS provisions requiring alternative fuel vehicles were repealed during the 80<sup>th</sup> Nevada Legislative Session and, therefore, local governments are no longer required to purchase these vehicles as of May 29, 2019.

Eventually, all vehicles wear out. As they wear, they become increasingly expensive to operate and maintain, and are less reliable and safe to use. They become more expensive, in part because major components and systems cease to function properly and are costly to repair or replace. Also, the average resale value of the vehicle will decrease when vehicle replacements are extended.

Due to budget constraints, only partial funding has been available for requested annual fleet vehicle and equipment replacements. For Fiscal Year (FY) 2020, approximately \$4.2 million has been allocated in the budget for replacement purposes. This total represents less than half of what was requested. Limited available funding results in the recommended replacements being deferred to later years; thereby resulting in the potential for increased repairs and downtime, higher maintenance costs, and an aging fleet.

In addition, vehicle replacement should be accounted for separately from vehicle repairs and maintenance. Currently, costs for both vehicle replacements and vehicle repairs and maintenance

are commingled in the same fund. The Finance Department (Finance) created a new fund in August 2016 (City Shop Capital) to allow for separate tracking of vehicle replacements. This new fund will provide a better matching of inflows (auction and insurance proceeds) and outflows (vehicle purchases and accident costs). A review of PeopleSoft disclosed that this new fund is not being used.

#### *Recommendations*

4. We recommended that Public Works conduct an analysis to ensure that City vehicles are appropriate for their current usage. The appropriate vehicle type should be matched to actual usage. This should be periodically verified to ensure that City fleet purchases and assignments are appropriate and effective. Public Works should be the driving force for fleet purchases and department vehicle assignments based on the overall City needs.
5. We also recommended that amounts related to vehicle replacements be accounted for (separate from vehicle repairs and maintenance) in the City Shop Capital Fund, which was established for this purpose.

#### *Management Response*

"Public Works will develop a procedure for evaluating the use and function of each vehicle eligible for replacement. We will coordinate with Finance to ensure that vehicle capital and upfit costs are accounted for in the City Shop Capital Fund."

#### *Corrective Action Taken*

Public Works has reviewed the City vehicles and identified 79 (¾ ton) diesel pick-up trucks that will be removed from the fleet because they are not appropriate for their current usage. Additionally, the emissions control systems on these vehicles are not optimal for City driving and are more expensive to purchase, operate and maintain. Management will continue to review the fleet to ensure appropriate vehicles are purchased. Additionally, Public Works is establishing standards based on vehicle usage and job type. For example, all electricians, plumbers, carpenters, etc., will have a standard pickup truck that will meet the needs of the various trades they perform. These standards will assist in purchasing the right vehicle for the intended use.

Per review of PeopleSoft Budget Overview report viewed on September 21, 2020, the City Shop Capital Fund (6012-3401-701005) for FY 2021 is being used to account for vehicle replacement.

## **Vehicle Fleet Funding Options**

### **Status: Implemented**

#### *Finding*

Essentially, five different finance methods can be used to fund vehicle acquisitions:

- annual allocations or appropriations of cash;
- accumulation of cash reserves in a fleet replacement fund through a replacement cost charge-back program;
- borrowing cash from financial institutions;
- borrowing cash through the issuance of bonds; and
- leasing from a leasing company, bank, or commercial finance company.

Historically, the City has provided an annual budget allocation for vehicle acquisitions. This approach results in significantly fluctuating annual outlays as adequate funding may not be available to purchase the needed number of vehicles. Borrowing from financial institutions involves interest costs, and bond issuances are often constrained by borrowing caps.

Because of these factors, vehicle leasing may be a viable alternative solution for replacement vehicles. Lease payments are comprised of three factors: interest, profit margin, and loss in vehicle value. Purchasing a vehicle means that you pay for the entire cost of the vehicle through monthly payments. Lease payments are generally less since the vehicle is only being rented, not purchased. Therefore, it requires less initial financial outlay.

Some of the advantages of leasing may include:

- the elimination of the need for material cash outlay;
- vehicle replacement occurring in a timely manner;
- newer vehicles equipped with the latest safety features;
- fleet condition consisting of newer models;
- lower repair costs and less downtime with a newer fleet;
- flexible lease terms (i.e., lease terms of 3 or 5 years); and
- potential higher residual rates due to the ability to access a nationwide network of buyers.

Some of the disadvantages of leasing may include:

- a level of uncertainty exists regarding the value of the vehicle at the end of its useful life;
- vehicles are not owned; therefore, they are not an asset at the end of the lease term;
- lease financing costs would be incurred;
- additional fees at the end of the lease due to mileage limits on leased vehicles;
- additional fees may be charged if the vehicle is not in good condition; and
- potential higher life cycle costs.

Hughes Fire Equipment (a Pierce fire truck dealer) offers long-term leasing and a trade-in program for fire trucks through PNC (a financial services company). One option is a walk away lease with a typical lease term of eight and one-half years. A second option is a turn-in-program. This program has annual mileage limits of 10,000 or 15,000, terms of up to 10 years and a final balloon payment (typically 30-35 percent) at the end of the term if the City buys the equipment. The equipment can be refinanced for an additional five years and Hughes Fire Equipment will take the fire truck as a trade-in and pay off the balloon payment if a new Pierce fire truck is ordered. PNC also has finance programs for ambulances. Fire engine specifications were sent to PNC to obtain specific estimates under these two programs. However, Fleet Maintenance has not received any further information to date.

Enterprise Fleet Management Services (a local leasing company) provides options for leasing passenger vehicles, compact sport utility vehicles, passenger vans, and pick-up trucks. Two options available are an equity lease and a net lease.

Under an equity lease, the market value of the vehicle at the end of the lease is estimated by the leasing company. An additional cost factor is added to the monthly lease payment to accumulate equity. If the leasing company can sell the vehicle for the estimated market value, or higher at the end of the lease term, the excess (equity) can be applied to the next vehicle lease or returned to the City. If the selling price is less than estimated market value, payment will be required to make up the difference. This lease type involves risk to the City if the vehicle is not worth the estimated market value.

The net lease is a typical fixed term lease with fixed payments. At the end of this lease, the City can walk away, provided the vehicle is turned in on time, has met the mileage limits and only has normal wear and tear.

There are several alternatives to vehicle fleet funding with leasing being one of these options. Leasing could help in the interim to close the funding gap. It may also be more advantageous to lease some vehicles such as vactor trucks that have a history of frequent break downs and costly repairs and are critical to daily operations.

#### *Recommendation*

6. We recommended that Public Works, along with Finance, perform further analyses to determine if leasing could help meet the replacement needs for City vehicles and equipment or if other options are available in the future (i.e., building a reserve with annual transfers to the Fleet Maintenance City Shop Capital Fund).

#### *Management Response*

"Public Works, in coordination with Finance, will continue to investigate leasing options for different vehicle classes and operational functions. Impacts to the City Shop Capital Fund will be addressed accordingly."

*Corrective Action Taken*

An agenda item for the leasing of 79 (¾ ton) crew cab pick-up trucks from Enterprise Fleet Management was approved at the October 20, 2020, City Council meeting. The leased vehicles will replace the 79 diesel trucks (noted above) being removed from the fleet. The lease term is one year and estimated savings in the first FY is \$365,364 (maintenance and fuel savings and auction proceeds for the 79 diesel trucks). Preventive maintenance will be performed by Enterprise. Additionally, the option to lease vehicles was discussed with Finance and they are in support of vehicle leasing.

**City Shop Internal Service Fund**

**Status: Implemented**

*Finding*

Fleet Maintenance operates as an internal service fund (City Shop Internal Service Fund), the purpose of which is to account for the costs of acquisition, maintenance, and replacement of City vehicles. Finance currently assesses charges to user departments with vehicles based on cost-reimbursement. Data for each vehicle (maintenance, repairs, fuel and overhead costs) for the most recent available calendar year (i.e., CY 2018 totals would be used for FY 2020 budget preparation) is totaled and allocated to the user department. A replacement cost for vehicles that have not yet exceeded their useful life is calculated over the expected life of the vehicle. This calculated replacement cost is assessed to the user department as well – at a full rate for non-General Fund departments and currently at a fifty percent rate for General Fund departments.

During the recession, City management decided to reduce the assessment charged to General Fund user departments as a temporary solution to preserve City operations. Now that the economic climate has improved, replacement vehicle assessments for General Fund departments have continuously increased over the past several years. Additionally, at the end of the previous two fiscal years, Finance has made transfers from the General Fund to the City Shop Internal Service Fund and anticipates doing so again following the end of FY 2019.

Based on the results of our procedures, non-General Fund department operations have not been impeded during the audit period and needed vehicle replacements throughout the City have been accomplished.

*Recommendation*

7. We recommended that Finance continue to work with City management to prioritize the restoration of General Fund assessments, and to increase the City Shop Internal Service Fund balance as determined necessary.

*Management Response*

Management response not provided.

*Corrective Action Taken*

Discussions with the Assistant Director of Finance on October 15, 2020, disclosed that replacement vehicle assessments for General Fund departments have been increased. Also, the budgeted City Shop Internal Service Fund for FY 2020 and 2021 was \$6,559,392 and \$7,622,496, respectively. This is an increase of 16 percent.

**Citywide Policy and Procedure for Vehicle Use**

**Status: Implemented**

*Finding*

The City's Administrative Policies include a "Vehicle Use Policy" that provides a framework for the use of City-owned vehicles by employees and includes such topics as City vehicles, licenses, personal vehicles, rental vehicles, responsibilities, training and vehicle use rules. This policy applies to all City employees.

Public Works also has standard operating procedures related to the fleet that apply to all City departments. These procedures include acquisition, disposal, replacement, and utilization. However, these procedures are department procedures and are currently not being communicated to all City employees.

*Recommendation*

8. We recommended that Public Works work with the CAO and HR to expand the "Vehicle Use Policy" by adding relevant department policies applicable to all users.

*Management Response*

"A standard operating procedure for the Department has already been prepared. Public Works will work with the CAO and HR to elevate the SOP to a City-wide policy."

*Corrective Action Taken*

Public Works has developed a policy in conjunction with the Human Resources Department and the City Attorney's Office entitled the "Fleet Policies and Procedures". This policy explains the purpose of Fleet Services and provides a listing of fleet policies and fleet standard operating procedures (11 in total) that all employees authorized to use City-owned vehicles and/or

equipment are required to follow. This new policy will be included as part of the City of Henderson Administrative Policies. All employees will be required to read and sign the policy. As of March 2, 2021, the policy is in the final stages of review and should be included in the Administrative Policies by mid-March.

### **Fleet Management Data Standards**

#### **Status: Implemented**

##### *Finding*

Fleet Maintenance is a data-rich environment, generating trackable metrics on acquisitions, fuel, maintenance, and utilization. Information regarding vehicle operations is managed using FASTER that has been in effect since 1988. Over the life of the system, several Fleet Maintenance employees have been responsible for data input. However, no data input standards have been defined. Additionally, a process is not in place to verify and review data entry. For example, the make of a vehicle (Chevrolet) can be entered as CH, Chev or Chevrolet. If all the variations of the Chevrolet are not part of the report parameters, the data output may be incomplete. Staff are currently reviewing and updating data to increase assurance that information is entered consistently and accurately. The reliability of system reports is dependent upon consistent and accurate data entry.

Fleet Maintenance is currently in the early stages of upgrading to FASTER Web. This upgraded version will allow departments to schedule appointments and view vehicle historical data via a dashboard. Additional workstations will be added within the shop, creating additional access points for mechanics to input work order information.

##### *Recommendation*

9. We recommended that Public Works develop standards to ensure input is consistent. Additionally, a formal process should be put into place to verify system data input.

##### *Management Response*

"Public Works is currently in the process of upgrading FASTER. Prior to the completion of the upgrade, Public Works will develop and implement the data standards. Standard Operating Procedures will also be developed to ensure that data entry continues to be consistent."

##### *Corrective Action Taken*

Public Works has developed a formal standard operating procedure to provide direction and guidance on how data fields within FASTER should be completed. The reliability of system reports will be improved with consistent and accurate data entry. With the move to the new City Shop

facility, each mechanic will have an assigned desktop that will be used for the input of vehicle work orders. This will help to improve data entry since mechanics will not feel rushed (no one waiting to use desktop) to complete their data entry. Finally, spot checks will be performed monthly to ensure data standards are followed in FASTER.

Public Works reported that they were in the process of upgrading FASTER to FASTER Web. This web-based version has the added benefits of reducing costs (no initial investment to buy software for multiple desktops), greater flexibility (can be used on laptops, iPad, iPhone) and greater security (sensitive company data resides on a secure server). This project commenced in early CY 2018 with full implementation expected prior to moving into the new City Shop facility. Discussions with Public Work staff and the FASTER vendor disclosed that numerous meetings were held during the two-year period to discuss project requirements. However, despite the amount of time invested in the project it was not implemented and was closed at the end of CY 2019.

*Additional Recommendation*

- We recommend that the Office of Performance and Innovation facilitate a review of the processes involved with City technology projects to determine if the process is efficient and effective.

# Citywide Take-Home Vehicles Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

**Councilman**  
John F. Marz

**Councilman**  
Dan Shaw

**Member-At-Large**  
Bryan Allison

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**City Auditor**  
Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

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## AUDIT REPORT HIGHLIGHTS

### BACKGROUND

Fleet Management within the Department of Public Works Support Services Division (Fleet Management) is responsible for the procurement, preventative maintenance, repair, regulatory compliance, replacement and disposition of the City of Henderson's (City) vehicles and equipment. The City fleet includes more than 1,500 pieces of vehicles and equipment used for emergency response, daily maintenance, inspection services, and general government.

Employees may be assigned a City vehicle if the employee is required, as a regular job duty, to travel to and from different job sites or locations, transport tools and equipment, or otherwise perform work that requires the regular use of a vehicle. At times, employees may be approved to take home their assigned City vehicle when certain conditions are met.

The City Manager has delegated the authorization of City take-home vehicles to department directors.

# Citywide Take-Home Vehicles Audit Report March 2021

## OBJECTIVES, SCOPE AND METHODOLOGY

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This audit was completed in accordance with the Fiscal Year (FY) 2021 audit plan. The objectives of the audit were to:

- Determine if the Vehicle Use Policy establishes clear guidelines governing the assignment and use of take-home vehicles to benefit the City.
- Confirm that these guidelines are followed appropriately.
- Verify that the City reports vehicle usage in accordance with pertinent Internal Revenue Service taxation rules and regulations.

The audit encompassed the period from July 1, 2018 through the present, and the last day of fieldwork was November 5, 2020.

## WHAT WE FOUND

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Overall, we noted that the Vehicle Use Policy establishes clear guidelines governing the assignment and use of take-home vehicles to benefit the City. However, we did include recommended additions to the Vehicle Use Policy to further clarify employee responsibilities and a recommendation to submit department authorizations for take-home vehicles annually to Fleet Management and Finance. We found that the guidelines currently included in the Vehicle Use Policy are followed appropriately. We did, however, recommend that any department requests to remove the City logo and "For Official Use Only" markings from a vehicle require written approval by the City Manager or Deputy City Manager.

## RECOMMENDATIONS

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We issued four recommendations in this audit of Take-Home Vehicles in the areas of the take-home vehicle listing, additions to the vehicle use policy, and markings on City vehicles.

## **BACKGROUND**

Fleet Management within the Department of Public Works Support Services Division (Fleet Management) is responsible for the procurement, preventative maintenance, repair, regulatory compliance, replacement and disposition of the City of Henderson's (City) vehicles and equipment. The City fleet includes more than 1,500 pieces of vehicles and equipment used for emergency response, daily maintenance, inspection services, and general government.

Employees may be assigned a City vehicle if the employee is required, as a regular job duty, to travel to and from different job sites or locations, transport tools and equipment, or otherwise perform work that requires the regular use of a vehicle. At times, employees may be approved to take home their assigned City vehicle when certain conditions are met, including:

1. Duties include frequent response to conditions requiring immediate attention.
2. Temporary assignment or travel dictates.
3. It is more cost effective to assign a City vehicle than to reimburse employees for the use of their personal vehicles.

The City Manager has delegated the authorization of City take-home vehicles to department directors.

The City currently has 144 total vehicles approved for take-home usage, representing approximately 15 percent of the total vehicles in the City. Of these 144 vehicles, 33 of them are designated as take-home only when assigned staff are on call duty status. The chart below shows all departments with assigned vehicles, along with those approved for take-home use.

## City Take-Home Vehicle Assignments by Department

Department	Total Number of Vehicles Assigned to Department	Number of Take-Home Vehicles for Department	Other Information	Percentage of Take-Home Vehicles to Total Vehicles for Department
City Attorney	3	0		0%
City Manager's Office - Emergency Management, Environmental, Health and Safety Division	9	5	3 of these vehicles are rotated among staff assigned on-call duties	55.56%
Community Development and Services	50	1		2.00%
Council Support-Print/Mail	2	0		0%
Finance	7	0		0%
Fire	24	9	Additional 46 fire apparatus not included in total	37.50%
Municipal Court	5	0		0%
Parks and Recreation	143	0		0%
Police	389	96		24.68%
Public Works (includes City Hall Motor Pool vehicles total of 9)	155	2	Both of these vehicles are rotated among staff assigned on-call duties	1.29%
Utility Services	190	31	28 of these vehicles are designated as take-home only when staff are on call	16.32%
<b>Totals</b>	<b>977</b>	<b>144</b>	<b>33 rotated among staff assigned on-call duties</b>	<b>14.74%</b>
<b>Totals including Fire Apparatus</b>	<b>1,023</b>	<b>144</b>		<b>14.08%</b>

## **OBJECTIVES, SCOPE AND METHODOLOGY**

This audit was completed in accordance with the Fiscal Year (FY) 2021 audit plan. The objectives of the audit were to:

- Determine if the Vehicle Use Policy establishes clear guidelines governing the assignment and use of take-home vehicles to benefit the City.
- Confirm that these guidelines are followed appropriately.
- Verify that the City reports vehicle usage in accordance with pertinent Internal Revenue Service taxation rules and regulations.

To accomplish these objectives, we reviewed prior audit engagements to determine if any previous reviews had been performed regarding City vehicles. We also reviewed the outside auditor's (Piercy, Bowler, Taylor & Kern) Required Communications Letter for Fiscal Year 2019; the City's Internet and Intranet websites; the Comprehensive Annual Budget Report; the Comprehensive Annual Financial Report; department organizational charts; and applicable federal, state, City and department policies. Discussions were held with staff from the City Attorney's Office, Finance Department, and Human Resources to solicit any concerns with City vehicles. Finally, we conducted inquiries of staff within various City departments, performed observations of City vehicles, and reviewed related records and transactions concerning City vehicles.

The audit encompassed the period from July 1, 2018 through the present, and the last day of fieldwork was November 5, 2020.

We conducted this audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS IN BRIEF**

Overall, we noted that the Vehicle Use Policy establishes clear guidelines governing the assignment and use of take-home vehicles to benefit the City. However, we did include suggested additions to the Vehicle Use Policy to further clarify employee responsibilities and a recommendation to submit department authorizations for take-home vehicles annually to Fleet Management and Finance. We found that the guidelines currently included in the Vehicle Use Policy are followed appropriately. We did, however, recommend that any department requests to remove the City logo and "For Official Use Only" markings from a vehicle require written approval by the City Manager or Deputy City Manager.

Additional details are noted below.

## **DETAILED RESULTS**

### **Take-Home Vehicles Listing**

A comprehensive listing of citywide take-home vehicles is not maintained and available upon request by Fleet Management. In order to obtain a complete inventory of take-home vehicles, departments had to be individually asked to provide the information. In some cases, this information was also not readily available at the department level and had to be compiled. Fleet Management within Public Works and Payroll within the Finance Department are not provided information on vehicles approved by departments for take-home use.

Take-home vehicle usage stopped completely during the recession as a cost savings measure. However, over time and as resources became available, this eased up and departments started allowing employees who met criteria for usage to take City vehicles home. A process was not initiated to communicate which employees had been authorized for take-home vehicle usage to Public Works or to Finance. Accordingly, a comprehensive listing was not available and had to be compiled.

As mentioned previously in this report, Fleet Management is responsible for the City's fleet of vehicles and equipment. This includes performing repairs, preventative maintenance and safety inspection services; purchasing, outfitting and performing in-service for all new and replacement vehicles; transferring or disposing of excess and aged vehicles; providing roadside assistance service for breakdowns of City vehicles; and managing the fleet asset management database. Fleet Management should know where all City vehicles and equipment are assigned – including those authorized for take-home usage.

The Finance Department is responsible for ensuring that payroll requirements are in compliance with all applicable Internal Revenue Service (IRS) rulings. Accordingly, they should know which City employees have been authorized for take-home vehicles so that they can review for taxable income applicability.

We recommend that departments:

- maintain an up-to-date listing of all vehicles within their area of responsibility that have been authorized for take-home usage; and
- forward a listing of their staff who have been authorized for City take-home vehicle usage to both Fleet Management and Finance annually. This listing should include the employee's name and job title, home address, any information about the assigned vehicle, first responder status, and justification for authorization. Fleet Management and

Finance should then be able to provide a current listing of City take-home vehicles upon request.

### **Recommended Additions to Vehicle Use Policy**

The Vehicle Use Policy No. B-10 (Policy) is included in the City's Administrative Policies and knowledge and compliance is required for all City employees. At the present time, the direction with respect to use of City vehicles for lunch breaks appears contradictory. In one area of the Policy it states that the use of City vehicles for any purpose other than official City business is strictly prohibited. The Policy states that individuals not approved for a take-home City vehicle are not permitted to take a City vehicle home for lunch and/or breaks. However, another part of the Policy states that City vehicles may be used for transportation to and from lunch when on business or in a location where driving to the employee's personal vehicle would result in unnecessary expenditure of time and money. This may appear unclear to employees looking for guidance.

As indicated above, Finance is developing a process with accompanying documentation that an employee assigned a take-home vehicle will be required to complete annually. This process should be detailed in the Policy. Additionally, the Policy should be revised to contain quantitative measures that justify a take-home vehicle. At a minimum, the Policy should mandate an average number of after-hours callbacks per month to qualify as meeting the "frequent" response requirement.

At the present time, there is no statement within the Policy indicating that when the take-home vehicle is not in use for City business, it will remain in a secure location at the employee's home or at an officially designated parking area.

Additionally, the Policy should state that an employee may not use the take-home vehicle for personal purposes, other than commuting, and de minimis personal use such as a stop for lunch. This may be an exception for employees who are in on-call status – in which case the Policy should address these employees being allowed to use the City take-home vehicle for personal use as long as they do not travel outside of the area they are obligated to respond to in an emergency.

- We recommend that the City Manager's Office designate an employee to take the lead and work with Finance, Fleet Management, the City Attorney's Office and Human Resources to review the Policy and incorporate these additional directions accordingly.

### **City Vehicles Marked**

All City vehicles, unless used for surveillance and covert operations, should be appropriately marked with a City of Henderson logo. Unmarked vehicles are used to stop drivers suspected of

penal law violations or whose behavior presents a threat to public safety. The use of unmarked City vehicles, without a business reason and precedent (including those detailed above such as police undercover vehicles) supporting the need to be unmarked, should require written approval from either the Deputy City Manager or City Manager.

Currently, vehicles driven by both the Fire Department and Emergency Management, Environmental, Health and Safety Division of the City Manager's Office (Emergency Management) employees are not marked with a City logo. No written authorization was available supporting this request.

The City purchases vehicles for the purpose of conducting City business. These vehicles are necessary to perform the City's mission in many ways, including police, fire, public works, etc. Best practices require a City logo and a "For Official Use Only" marking. This allows transparency for the public – a clear notation that the vehicle is City owned for the purpose of conducting official City business. Having no official markings on a vehicle should require a valid business reason and approval by the City Manager/Deputy City Manager.

- We recommend that all City vehicles, unless used for undercover purposes or some other valid business reason, be marked with a City logo and a notation "For Official Use Only". We further suggest that all vehicles not marked accordingly require the written approval of the City Manager's Office. This approval should be provided to Fleet Management and maintained for review upon request.

DRAFT

**APPENDIX A**  
**Management Response Letter**




# Memorandum

**CITY OF HENDERSON**  
240 Water Street  
P.O. Box 95050  
Henderson, NV 89009-5050

**CITY MANAGER'S OFFICE**  
Bristol Ellington, Chief Operating Officer  
702-267-2062  
fax 702-267-2081

TO: Melissa Wright, City Auditor

FROM: Bristol S. Ellington, Chief Operating Officer 

DATE: November 19, 2020

SUBJECT: Take-Home Vehicles Audit Response

## Take-Home Vehicles Listing

**“We recommend that departments:**

- **maintain an up-to-date listing of all vehicles within their area of responsibility that have been authorized for take-home usage; and**
- **forward a listing of their staff who have been authorized for City take-home vehicle usage to both Fleet Management and Finance annually. This listing should include the employee’s name and job title, home address, any information about the assigned vehicle, first responder status, and justification for authorization. Fleet Management and Finance should then be able to provide a current listing of City take-home vehicles upon request.”**

I agree with this finding and will direct all department directors to maintain this information and to forward an updated listing annually to both Fleet Management and Finance.

## Recommended Additions to Vehicle Use Policy

**“We recommend that the City Manager’s Office designate an employee to take the lead and work with Finance, Fleet Management, the City Attorney’s Office and Human Resources to review the Policy and incorporate these additional directions accordingly.”**

I agree with this finding and will designate an employee to take the lead in this project. That individual will work with Finance, Fleet Management, the City Attorney’s Office and Human Resources to review the Policy and to incorporate any additional areas as deemed necessary.

## City Vehicles Marked

**“We recommend that all City vehicles, unless used for undercover purposes or some other valid business reason, be marked with a City logo and a notation “For Official Use Only”. We further suggest that all vehicles not marked accordingly require the written approval**

Take-Home Vehicles Audit Response

November 19, 2020

Page 2 of 2

**of the City Manager’s Office. This approval should be provided to Fleet Management and maintained for review upon request.”**

I agree with this finding. I will instruct Fleet Management to forward all requests to omit a City logo and “For Official Use Only” markings from City vehicles directly to me in writing for review and approval consideration. If I approve this omission, I will sign the written request and return to Fleet Management for retention. In the meantime, I will review all existing City vehicles not marked currently and instruct Fleet Management accordingly if I determine that they should include a City logo and “For Official Use Only” notations.

I appreciate the effort taken on this engagement.

DRAFT

# Community Development and Services Department Code Enforcement Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

### **Councilman**

John F. Marz

### **Councilman**

Dan Shaw

### **Member-At-Large**

Bryan Allison

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### **City Auditor**

Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

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DRAFT



# Community Development and Services Code Enforcement Audit Report March 2021

## AUDIT REPORT HIGHLIGHTS

### BACKGROUND

The Community Development and Services Department (CDS) Code Enforcement Division (Code Enforcement) ensures safe and properly maintained buildings and properties within the City of Henderson (City) by enforcing municipal code compliance and enhancing property values through effective enforcement of property standards.

The authority for Code Enforcement is found in various Nevada Revised Statutes (NRS) and Henderson Municipal Code (HMC).

Common violations addressed by Code Enforcement include abandoned or junk vehicles, equipment, graffiti, home occupation, illegal offsite signs, landscaping, litter, obstructions, parking setbacks, stagnant water, and travel trailer storage.

## OBJECTIVES, SCOPE AND METHODOLOGY

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This audit was completed in accordance with the Fiscal Year (FY) 2020 audit plan. The objectives of the audit were to:

- Evaluate the Code Enforcement Division's performance metrics to ensure they are appropriate to monitor program performance and drive efficient and effective operations.
- Determine whether the Code Enforcement Division focuses its resources and efforts on high-risk violations that impact public health, safety and welfare.
- Ascertain whether the Code Enforcement Division employs appropriate procedures to maximize code enforcement efforts and available resources.

The audit encompassed the period of July 1, 2018 through June 30, 2020, and the last day of fieldwork was November 3, 2020.

## WHAT WE FOUND

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Overall, we noted that that performance metrics are in place to monitor program performance and drive efficient and effective operations.

The implementation of the team-based and tier-based enforcement approach were put on hold because of the major change in priorities during the COVID-19 pandemic. Therefore, we were unable to perform detailed testing to determine the results of these changes. However, it is our opinion that the implementation of these two new procedures focus resources and efforts on high-risk violations that impact public health, safety and welfare; and will maximize Officer efforts and available resources.

In addition, Code Enforcement worked with the City Attorney's Office to revise the HMC to refer outstanding fines and fees to an outside collection agency for recovery.

## RECOMMENDATIONS

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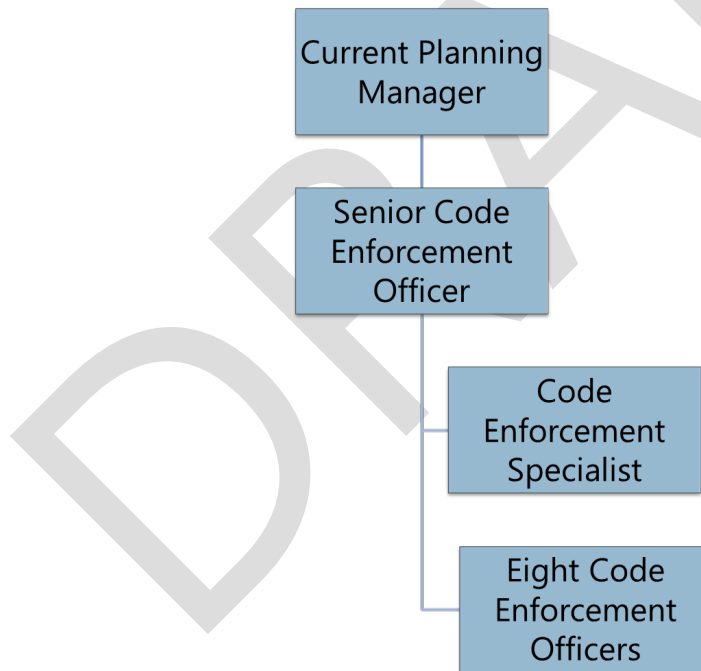
There were no recommendations issued in this audit of Code Enforcement.

## BACKGROUND

The Community Development and Services Department (CDS) Code Enforcement Division (Code Enforcement) ensures safe and properly maintained buildings and properties within the City of Henderson (City) by enforcing municipal code compliance and enhancing property values through effective enforcement of property standards.

The authority for Code Enforcement is found in various Nevada Revised Statutes (NRS) and Henderson Municipal Code (HMC). In addition, Code Enforcement has developed and updated specific policies and procedures to assist staff with the legal and procedural steps required regarding various administrative guidelines and violations, including stagnated water, vehicle impound, front and side yard parking, and signs. Recently, they developed a policy for personal protection equipment.

Code Enforcement has one Senior Code Enforcement Officer, one Code Enforcement Specialist, and eight Code Enforcement Officers. The organizational chart is shown below.



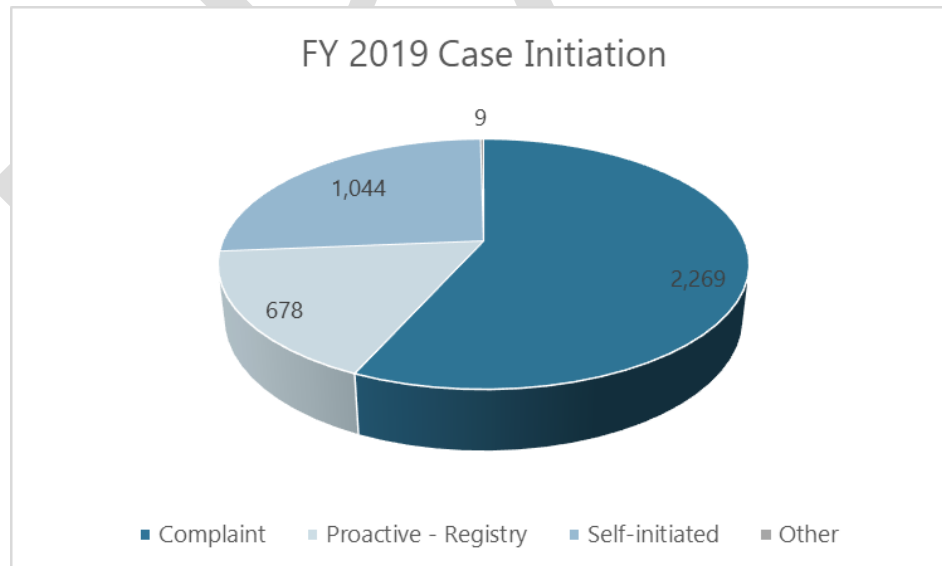
In the past, one Code Enforcement Officer (Officer) was assigned all cases received in a specific zip code (except 89015 where there were one and a half Officers assigned). There were some advantages to this method of assignment such as consistency, more ownership/investment in the outcome of cases, and no overlap by other Officers. However, there were also disadvantages that included a disproportionate number of assigned cases, slower response time, adequate coverage and fewer self-initiated cases. Additionally, it created a "one idea" mindset

which led to cases being treated differently in a certain area due to only one Officer managing those cases.

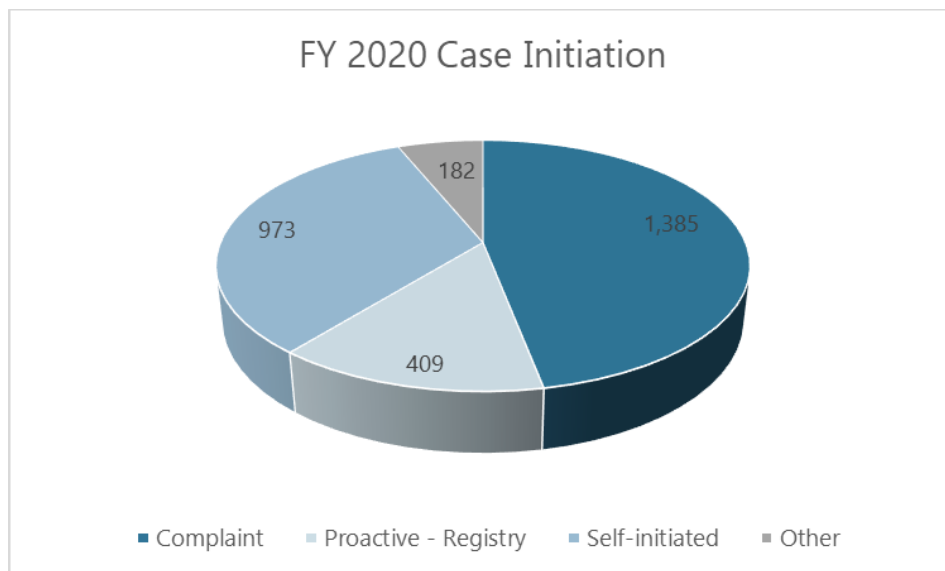
Code Enforcement determined that a team-based enforcement approach would be more beneficial, and it was implemented in January 2020. This approach consists of Officers being assigned in teams of two to a slightly larger geographical area to work on cases together. Cases are assigned to Officers on a rotational basis within their area of responsibility, and partners would be expected to routinely pair up with each other to resolve cases. Advantages to this approach are that:

- Officer safety is substantially increased because they can rely on their partner to back them up on cases when needed.
- Two Officers/two mindsets work together to have more creative solutions to problems.
- Higher priority cases have faster response times.
- Officers will know the cases that their partner is working on and be able to routinely step-in during scheduled and unscheduled absences.
- Working in pairs leads to more flexibility to do more self-initiated cases (i.e., commercial enforcement of business districts).
- Team-based enforcement does not increase the workload on administrative staff.

Most cases are initiated through anonymous citizen complaints (i.e., in person, online, over the phone, etc.). Cases may also be initiated by Officers when issues are identified while in the field (Self-initiated), or during their investigations of registered abandoned properties (Proactive-Registry). The following two graphs provide more details for Fiscal Years (FY) 2019 and 2020.



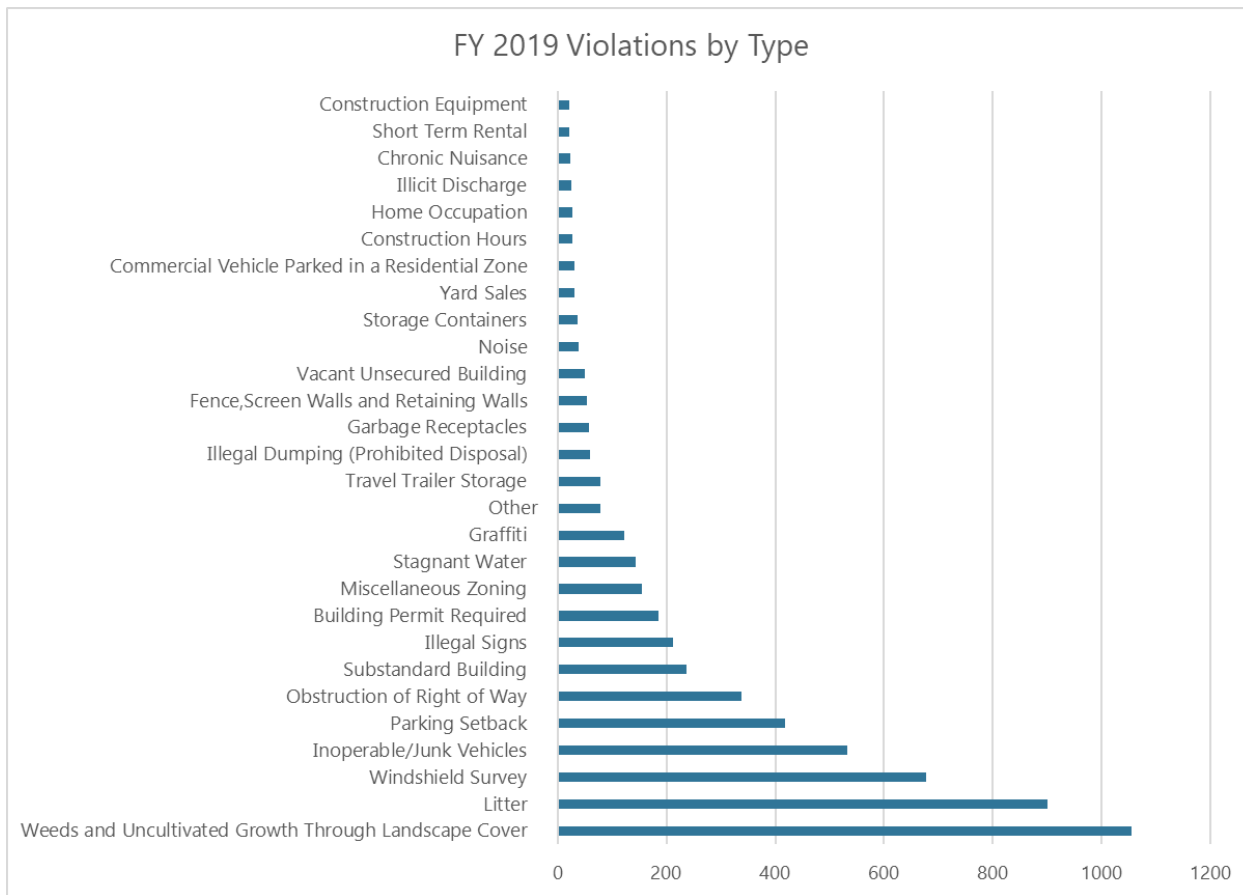
\*Data obtained from Code Enforcement staff



\*Data obtained from Code Enforcement staff

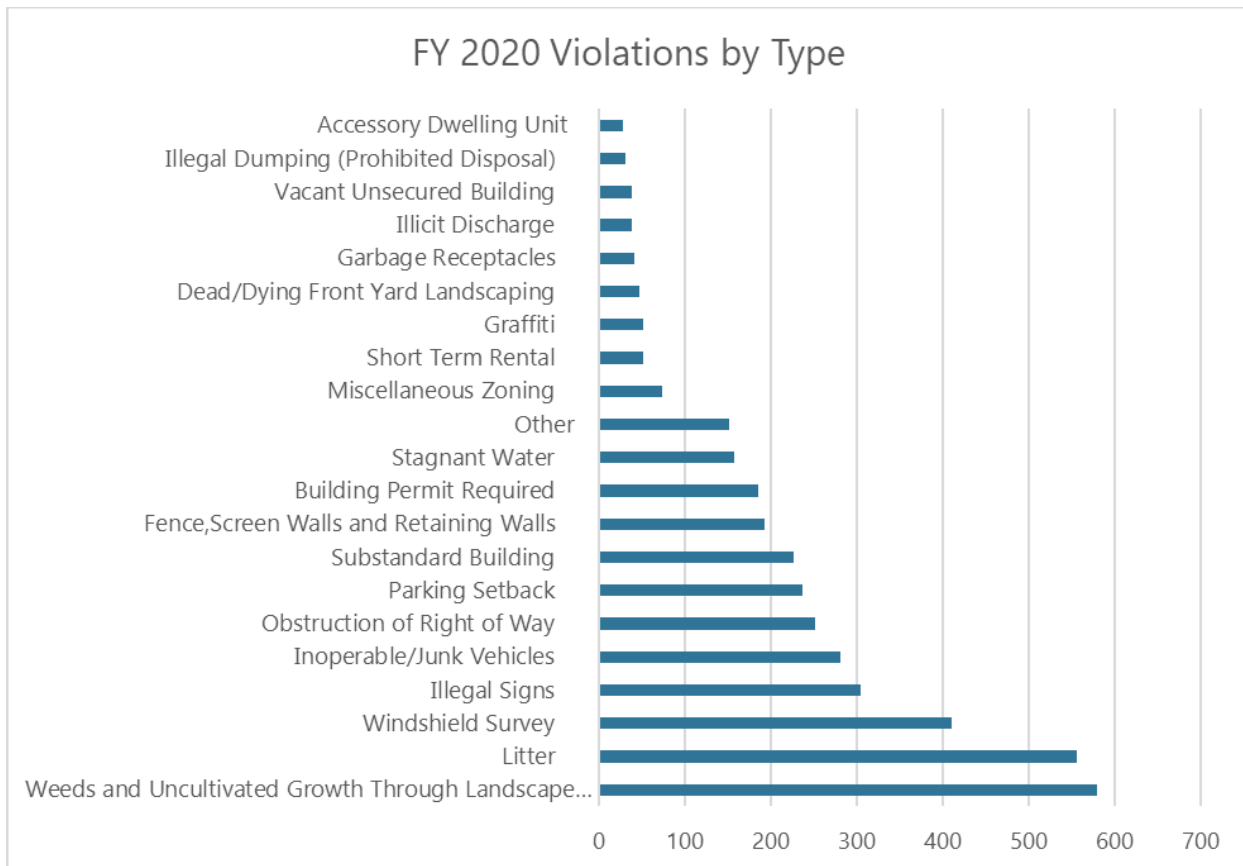
During the audit period, Code Enforcement issued approximately 9,590 violations. Common violations reported include abandoned or junk vehicles, equipment, graffiti, home occupation, illegal offsite signs, landscaping, litter, obstructions, parking setbacks, stagnant water, and travel trailer storage. As depicted in the graphs below, the top three violations in FYs 2019 and 2020 were:

- Weeds and Uncultivated Growth Through Landscape – All land shall be maintained and free from weeds, uncultivated plants/shrubs, tall grass, tumbleweeds, etc. higher than six inches.
- Litter – All building structures and properties shall be free of debris, litter, garbage, rubble, etc.
- Windshield Survey – Officers observe areas of the community from their vehicles to ensure compliance with code. A separate case is opened if an issue is observed and the Officer is required to investigate further.



\*Data obtained from Code Enforcement staff

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\*Data obtained from Code Enforcement staff

While some of these violations are a nuisance and do not pose a high risk to public health, safety and welfare, there are some violations that do (i.e., unsafe housing, illegal dumping, etc.). Due to this, Code Enforcement developed a tier system that was implemented in conjunction with the team-based enforcement approach to ensure that the higher risk violations are addressed timely. Cases are assigned a tier level (1 – 4) based on risk. As shown in the chart below, the violations classified as Tier 1 have a higher risk and are prioritized to have a quicker response than those classified as Tier 4.

**Tier 1 - Highest Priority**

Respond within same business day

Immediate abatement likely

Cases generally have a reasonable possibility of imminent threats to life or safety

**Types of Violations include**

Substandard buildings where there is imminent threat to life and/or safety

Hazmat response for illegal dumping/discharge

Vacant unsecured buildings with Police Department response

Response to a Police Department request that is considered imminent

Incident repairs where Code Enforcement callout to incident is required

Hoarder response with immediate need for securing property

"Squatter" response with immediate need for securing property

Structures at imminent risk of collapse requiring securing

**Tier 2**

Respond within one business day

Response to a safety concern that is not an imminent hazard

Cases are generally considered to be an increased likelihood of a life or safety hazard

Abatement is likely to occur within one week

**Types of Violations include**

Stagnated water (pools/ponds) during a declared outbreak

Building permit case with occupants residing and risk of life/safety increased

"Squatter" case not amounting to Tier 1

Vacant/unsecured not amounting to Tier 1

Illicit discharge/illegal dumping case with prosecutable evidence

Pool barrier violation in vacant property

Temporary sign cases where report of obstruction violation(s) exist

Obstruction of Right of Way

**Tier 3**

Respond within same business week (four days)

Cases are routine property maintenance or development code cases which are considered low risk and do not involve life/safety concerns

**Types of Violations include**

Temporary sign violations not included in Tier 2

Building without permit cases not included in Tier 1 or Tier 2

Inoperable/abandoned vehicles

Weeds and/or dead landscaping

Use of RV for living (accessory dwelling unit)

Graffiti

Short-term rental

Litter/debris

**Tier 4**

Respond as soon as possible, but no later than five business days

Cases are long-term nuisances that are transient in nature or take longer to handle and additional upfront research is likely

**Types of Violations include**

Parking setback

Animal zoning

Conditional use permit

Miscellaneous zoning (outside storage, illegal signs, unlawful use, etc.)

Construction equipment in residential district

Landscape replacement

**Examples of Code Enforcement Violations**



Excessive Litter



Graffiti



Storage Container



Inoperable Vehicle

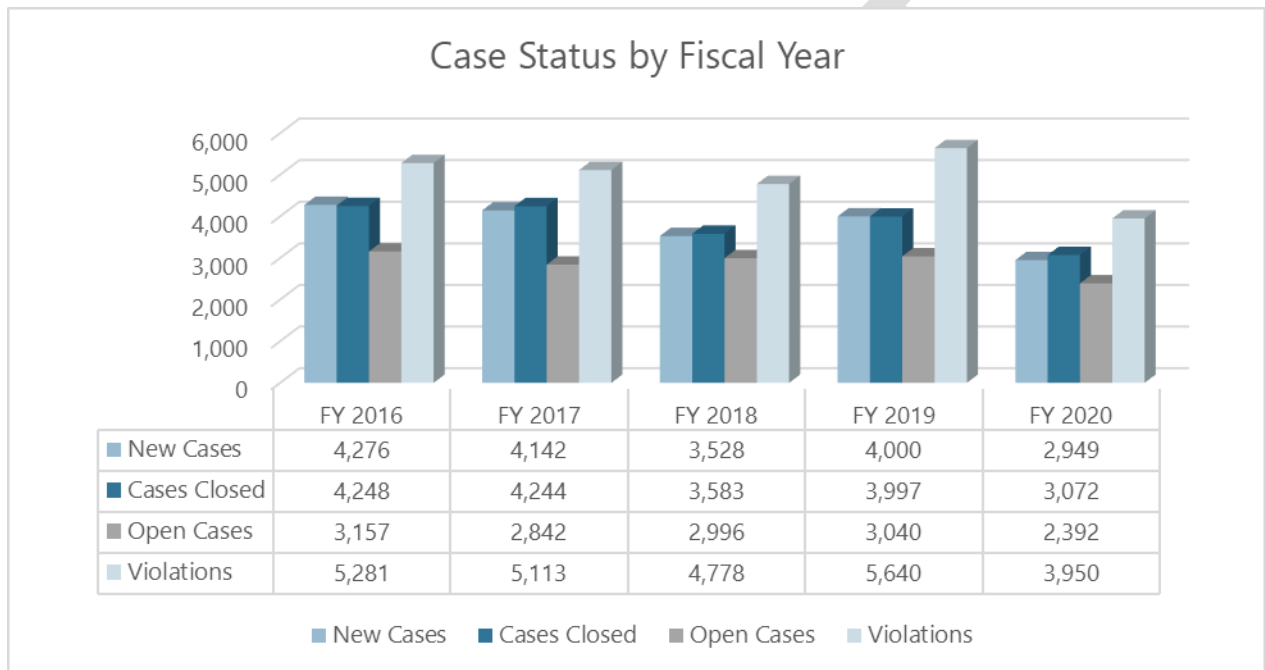


Stagnant Water

*Performance Metrics*

Case management is the driving force for Code Enforcement and involves managing cases from receipt of the initial complaints to case resolution. Comcate is the software system used to track all case activity including initial/follow-up inspections and case history (i.e., fines, photos, notes, liens, etc.). This system also has customizable reporting capabilities that allows for increased communication, productivity, accuracy and timeliness, as well as the ability to analyze data.

The graph below shows the number of new, closed, and open cases, as well as violations, from FYs 2016 – 2020.

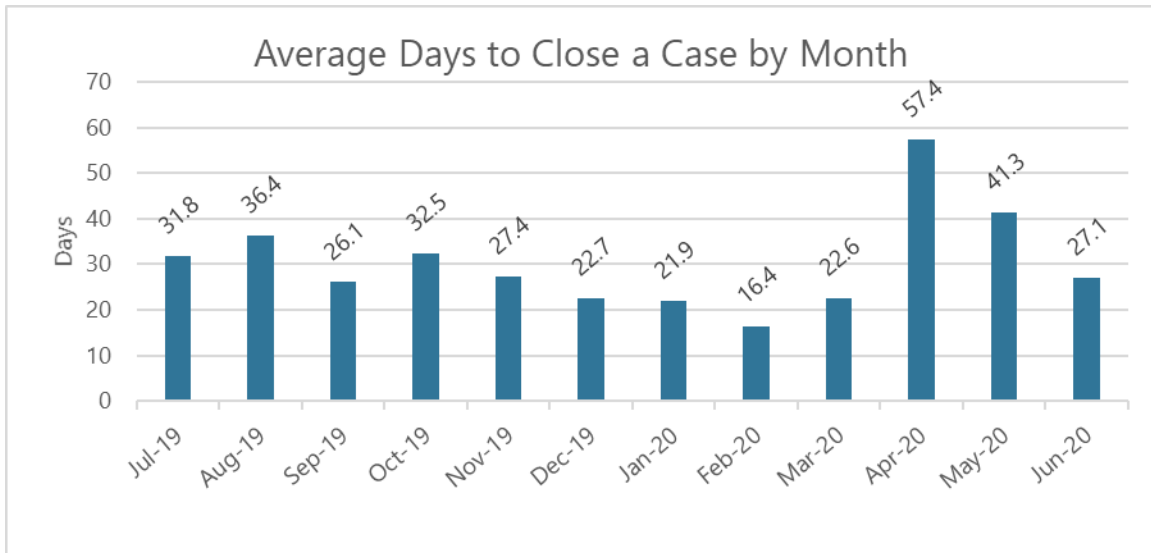


\*Obtained from Code Enforcement Monthly Statistics report.

It is important to note that the number of cases for FY 2020 are lower than previous years due to the COVID-19 pandemic which temporarily forced Code Enforcement to change the priority of all operations. Beginning on March 16, 2020, they began focusing their efforts on COVID-19 related activities which included assisting Parks and Recreation staff with shutting down and reopening parks and working with Business License staff to enforce compliance with COVID-19 regulations. Code Enforcement resumed responding to major municipal code violations in early October 2020, and they expect to be fully operational again by November 2020.

Measuring performance is key to evaluating how well employees are doing their work and organizations are meeting their targets. Code Enforcement has identified two specific metrics to measure performance of their management of cases.

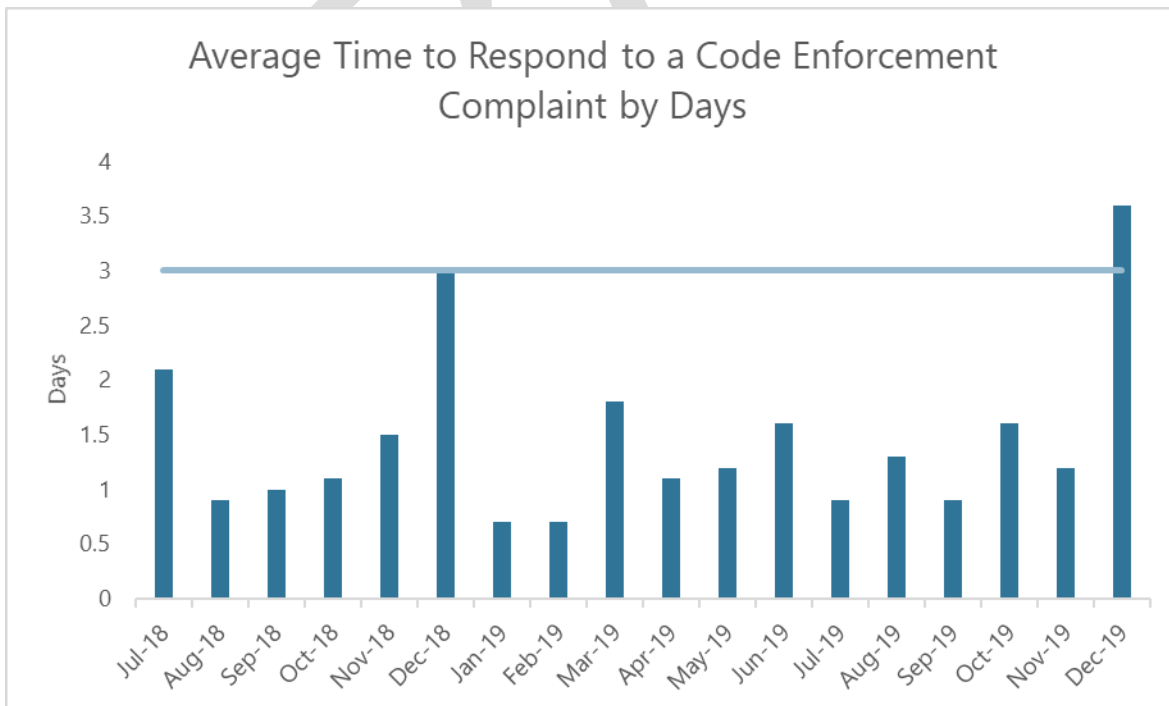
The first metric is to close cases within 30 days of initiation. As shown in the graph below, this has been achieved seven times, or 58 percent of the time, within FY 2020. In addition, the average days to close a case during this FY was 30.3.



\*Obtained from Code Enforcement Monthly Statistics report.

\*Code Enforcement began tracking this metric in FY 2020.

The second metric is for Officers to respond to cases within three days of the initial complaint. As shown in the graph below, their response time has been less than three days 17 times, or approximately 94 percent of the time, within an 18-month period.

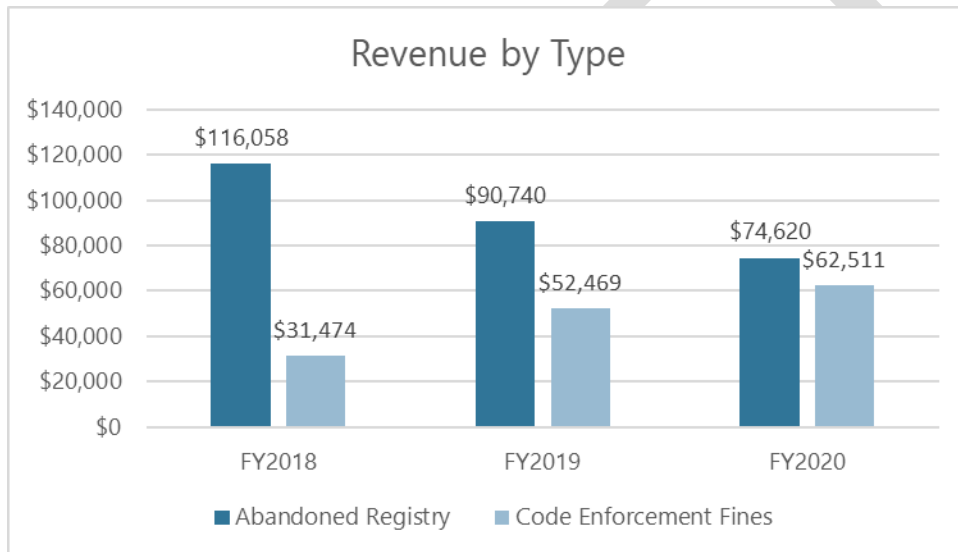


\*Obtained from Socrata.

\*Data was not available for January through June 2020.

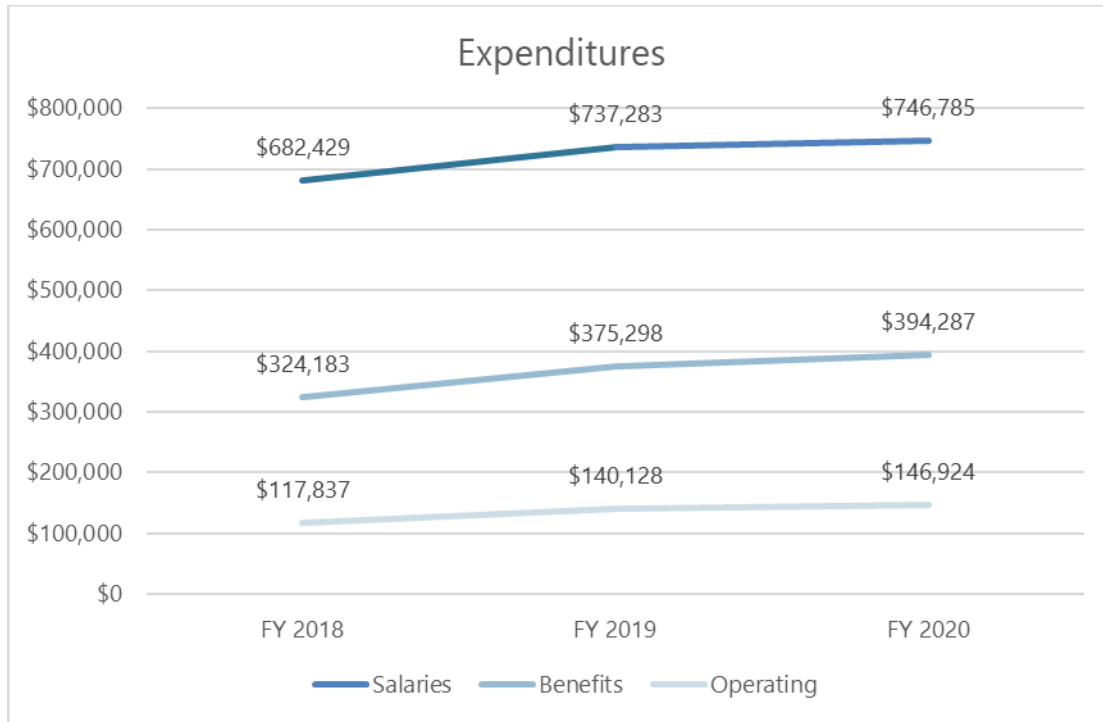
*Revenues and Expenditures*

Revenues are received from fines and the fees associated with the Abandoned Residential Real Property Registry (Abandoned Registry). The Abandoned Registry is defined in HMC Chapter 15.13 and requires the registration of abandoned residential property and those in danger of becoming abandoned, and is intended to reduce and prevent neighborhood blight, to mitigate conditions that threaten the health, safety, and welfare of the public, and to promote neighborhood stability. Pursuant to this chapter, the City is authorized to charge the property owner a fee of \$200 for each initial property registration required under this chapter, and a fee of \$50 for each modification to a registration. On the annual anniversary of each property registration, the City is authorized to charge the property owner an annual fee of \$200 for each property required to be registered under this chapter. The total revenues by type for FYs 2018 – 2020 are shown on the graph below.



Total operating expenditures were \$1,124,449 (D7.2) for FY 2018. In FY 2019, total expenditures increased to \$1,254,195 or by approximately 12 percent. The increase is due to salary, benefits, training and tuition, and internal charges. FY 2020 expenditures increased by roughly five percent overall, attribute to benefits and various operating expenditures.

Over the three-year period of FY 2018 to FY 2020, total operating expenditures increased by nearly 17 percent.



## OBJECTIVES, SCOPE AND METHODOLOGY

This audit was completed in accordance with the FY 2020 audit plan. The objectives of the audit were to:

- Evaluate the Code Enforcement Division's performance metrics to ensure they are appropriate to monitor program performance and drive efficient and effective operations.
- Determine whether the Code Enforcement Division focuses its resources and efforts on high-risk violations that impact public health, safety and welfare.
- Ascertain whether the Code Enforcement Division employs appropriate procedures to maximize code enforcement efforts and available resources.

To accomplish these objectives, we reviewed Internal Audit files to determine if any previous audits had been performed within Code Enforcement and the outside auditor's (Piercy, Bowler, Taylor & Kern) Required Communications Letter for FY 2019. We communicated the audit objectives to the City Attorney's Office requesting any areas of concern that they may have. We reviewed staffing, the Comprehensive Annual Budget Report (CABR), and revenue and expenditure trends. In addition, we reviewed the City websites; department Intranet and Internet sites; Socrata; and any applicable federal, state, City and department policies related to the audit objectives. Finally, we performed interviews and observations with Code Enforcement staff to further our understanding of operations.

The audit encompassed the period from July 1, 2018, through June 30, 2020, and the last day of fieldwork was November 3, 2020.

We conducted this audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS IN BRIEF**

Overall, we noted that performance metrics are in place to monitor program performance and drive efficient and effective operations.

The implementation of the team-based and tier-based enforcement approach were put on hold because of the major change in priorities during the COVID-19 pandemic. Therefore, we were unable to perform detailed testing to determine the results of these changes. However, it is our opinion that the implementation of these two new procedures focus resources and efforts on high-risk violations that impact public health, safety and welfare; and will maximize Officer efforts and available resources.

Additional details are noted below.

## **DETAILED RESULTS**

### **Case Management**

We obtained a detailed report from Code Enforcement staff showing 6,949 new cases initiated during the audit period. We selected a total of 40 cases for review (approximately .005 percent). From these 40 cases, we found that the average days to close a case was 32 days in FY 2019 and 26 days in 2020, which showed a decrease from year to year. This supports their reported statistics provided above to close cases within 30 days after initiation and also shows improvement in their efforts to close cases timely. In addition, we found that all 40 cases reviewed were managed in accordance with internal procedures.

### **Collection Efforts**

Pursuant to NRS and HMC, Code Enforcement is authorized to collect all fines and fees assessed because of code violations. Liens against a property may be filed if payment is not made within the time specified on the citation.

Code Enforcement is currently relying upon the lien process to collect outstanding balances. However, this is not the most effective method since collections through the lien process are not timely and can lead to unpaid balances.

As currently structured, Title 15 of the HMC does not authorize Code Enforcement to refer outstanding fines and fees to an outside collection agency for recovery. Without proper collection efforts, outstanding balances may take several years to recover costs.

Code Enforcement has already identified this issue and worked with the City Attorney's Office to revise the HMC to explicitly authorize referral of these amounts to collections. On October 20, 2020, the City Council adopted revisions of the Property Maintenance Code (HMC 15.12) via ordinance. As part of this adoption, Code Enforcement is now able to utilize an outside collection agency to recover abatement costs and fines levied as part of a Code Enforcement action. This change was effective immediately and Code Enforcement has already set up an account with an existing City collection vendor to begin this process henceforth. We commend Code Enforcement for their proactiveness in addressing this concern.

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# Henderson Police Department Detention Center Audit Report March 2021



*A Place To Call Home*

## **Audit Committee**

**Councilman**  
John F. Marz

**Councilman**  
Dan Shaw

**Member-At-Large**  
Bryan Allison

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**City Auditor**  
Melissa S. Wright, CPA, CFE

Internal Audit Department  
Henderson City Hall  
240 Water Street  
Henderson, NV 89015

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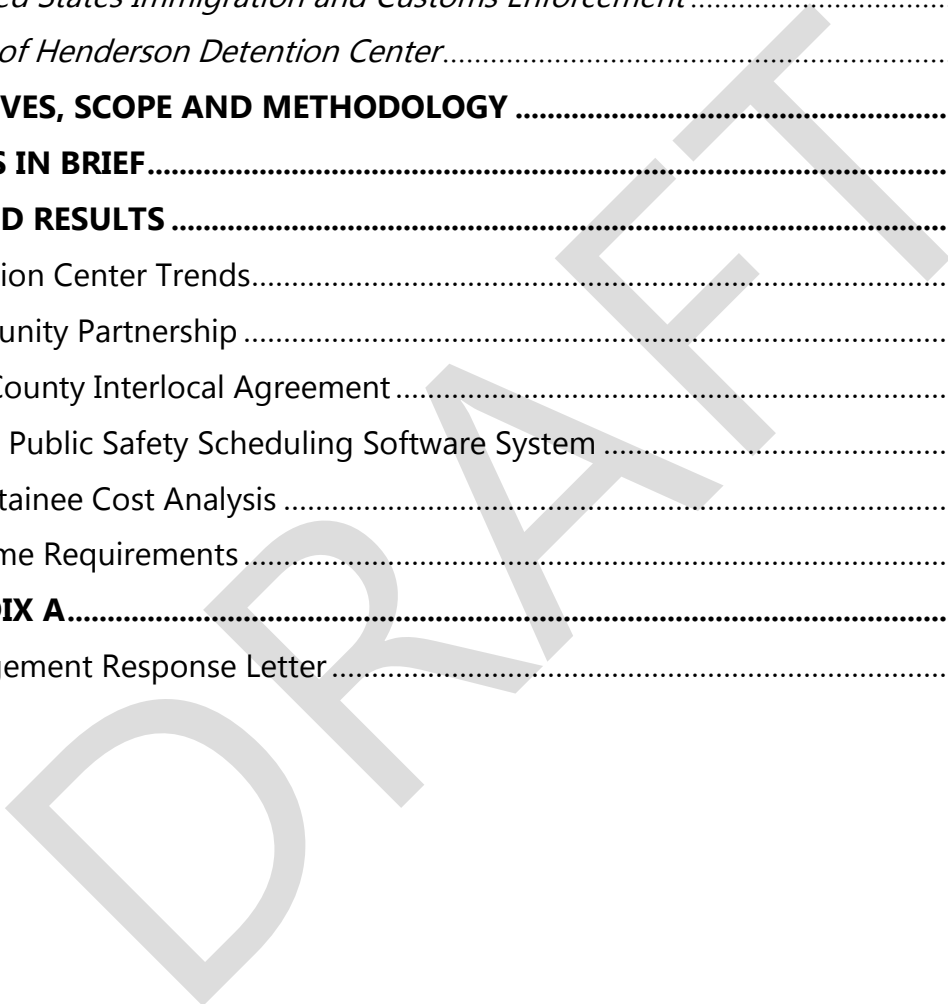
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## AUDIT REPORT HIGHLIGHTS

### BACKGROUND

The City of Henderson (City) Detention Center (Detention Center) is one of three facilities in the state of Nevada that houses United States Immigration Customs Enforcement (ICE) detainees. Therefore, they are required to follow the ICE National Detention Standards (NDS). These NDS establish consistent conditions regarding confinement, program operations and management expectations within the Detention Center and are often at a higher standard than required by other state and local laws, standards, regulations, policies, and court orders applicable to other inmates. Because ICE detainees are intermingled with the general population, a decision was made years ago to comply with the NDS, the higher set of standards, for the entire population because it is too difficult to ensure compliance with different sets of standards for a portion of the population.

# Henderson Police Department Detention Center Audit Report March 2021

## OBJECTIVES, SCOPE AND METHODOLOGY

---

This audit was completed in accordance with the Fiscal Year (FY) 2020 audit plan. The objectives of the audit were to:

- Analyze revenues associated with the Immigration Customs Enforcement (ICE) contract and determine if these receipts cover the cost to house ICE detainees.
- Determine if housing ICE detainees in the Detention Center results in increased costs to provide services to non-ICE inmates.
- Ascertain if the Detention Center's staffing is appropriate, considering the facility design, the average daily inmate population and the ICE detainees.

The audit encompassed the period from July 1, 2018 through June 30, 2020, and the last day of fieldwork was October 14, 2020.

## WHAT WE FOUND

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We found that revenues received by the Detention Center were not sufficient to cover all expenditures, resulting in an overall loss during the audit period. However, revenues received from ICE helped reduce, but not eliminate, the overall operating loss.

We determined that housing ICE detainees resulted in increased costs for items such as food, clothing, and medical care because the NDS are applied to the entire population, including non-ICE inmates. Detention Center staffing and administration costs are fixed. Therefore, overall expenditures would not significantly change if ICE detainees were not housed at the Detention Center.

We found that mandatory overtime is required to ensure adequate staff coverage due to the current shift schedule and available staff. Additionally, overtime costs have steadily increased over the years and continually exceeded the approved budgeted amount.

In addition, we found that there is no interlocal agreement between the City and Clark County for revenues received for inmate housing. We also found that InTime, the public safety scheduling software system used by the Detention Center, does not interface with PeopleSoft, the City's financial and payroll system, and is not being used to its full potential.

## RECOMMENDATIONS

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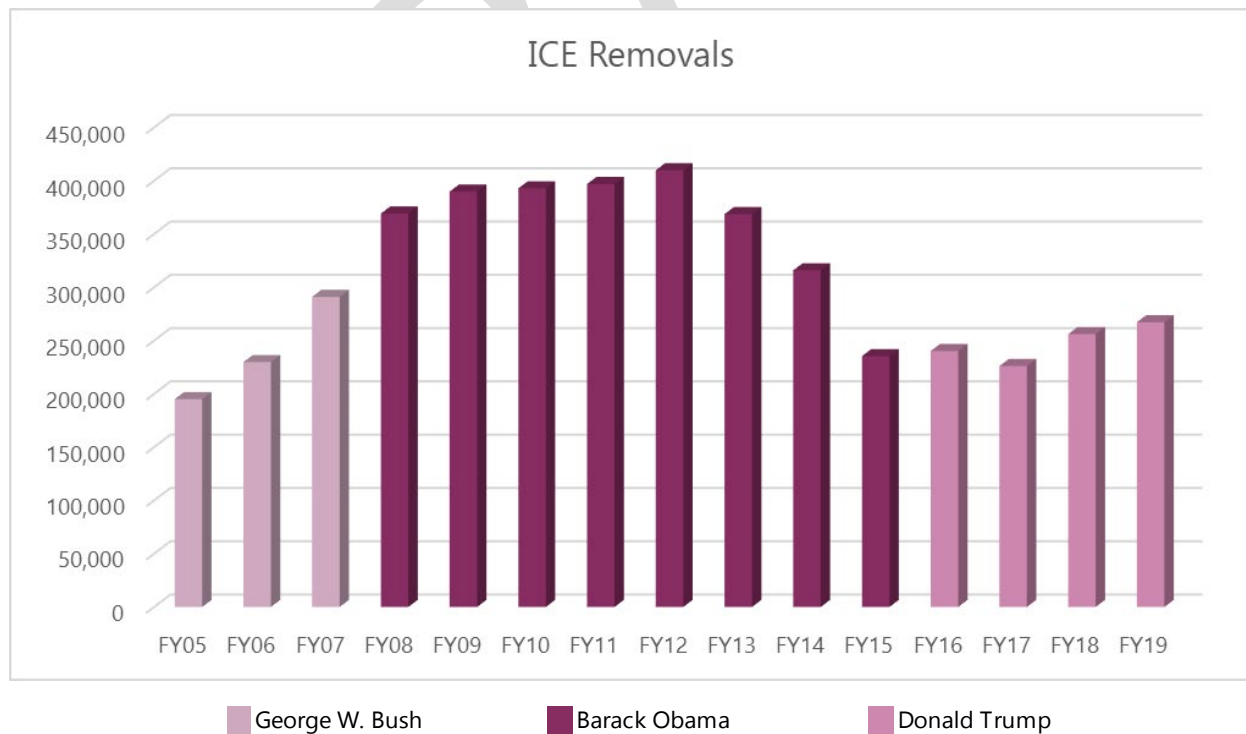
We issued six recommendations in this audit of the Detention Center regarding an interlocal agreement with Clark County, the InTime Public Safety Scheduling Software System, the analysis of costs, political climate and any potential changes in the future related to housing ICE detainees, and the performance of a cost analysis and exploration of options that could potentially reduce required overtime.

**BACKGROUND**

*United States Immigration and Customs Enforcement*

The United States (U.S.) Immigration and Customs Enforcement (ICE) was created in 2003 and consists of three sections, including Homeland Security Investigations, Enforcement and Removal Operations (ERO), and Management and Administration. According to the ICE website, the ERO is responsible for enforcing the nation’s immigration laws in a fair and effective manner. It identifies and apprehends removable aliens, detains these individuals when necessary, and removes them from the U.S.

On January 25, 2017, President Donald Trump issued an executive order that expanded ICE’s enforcement focus to include removable aliens who (1) have been convicted of any criminal offense; (2) have been charged with any criminal offense that has not been resolved; (3) have committed acts which constitute a chargeable criminal offense; (4) have engaged in fraud or willful misrepresentation in connection with any official matter before a governmental agency; (5) have abused any program related to receipt of public benefits; (6) are subject to a final order of removal but have not complied with their legal obligation to depart the U. S.; or (7) in the judgment of an immigration officer, otherwise pose a risk to public safety or national security. The below graph shows the trend of aliens removed from the U.S. since the creation of ICE. Please note that the federal government fiscal year (FY) runs from October 1 through September 30.



\*Statistics obtained from [www.ice.gov](http://www.ice.gov)

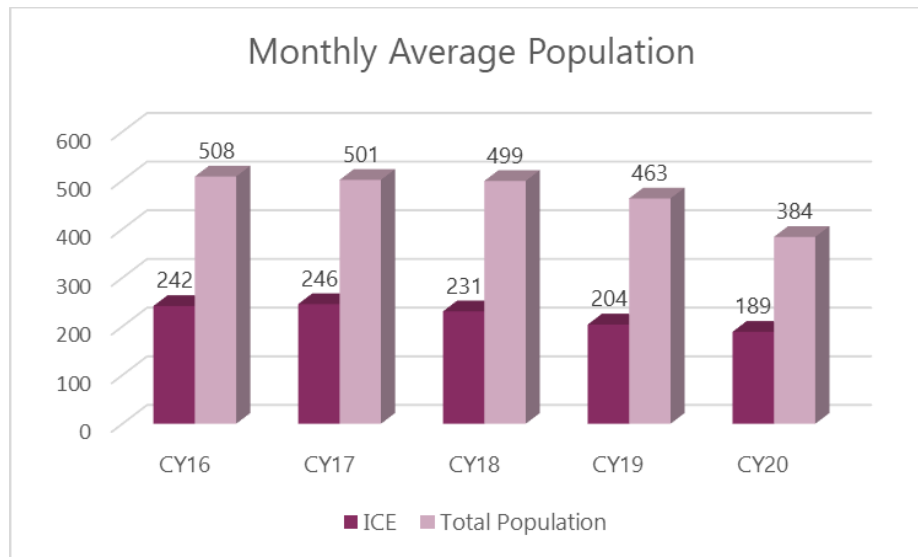
ICE contracts with detention facilities all over the U.S. to house their detainees. These facilities are required to follow the ICE National Detention Standards (NDS). These NDS establish consistent conditions regarding confinement, program operations and management expectations within the Detention Center and are often at a higher standard than required by other state and local laws, standards, regulations, policies, and court orders applicable to other inmates.

### *City of Henderson Detention Center*

The City of Henderson (City) Detention Center (Detention Center) is one of three facilities in the state of Nevada that houses ICE detainees. The other facilities include the Nevada Southern Detention Center located in Pahrump, NV and the Washoe County Jail located in Reno, NV. The City of North Las Vegas (NLV) housed ICE detainees from approximately 2000 through 2011 prior to closing its doors to save money during the recession. NLV has not entered into another contract since they reopened in July 2020. ICE detainees are not currently housed at the Clark County Detention Center (CCDC).

The Detention Center is located at 18 E. Basic Road in Henderson, Nevada. Originally built in 1994, this facility was expanded in 2011 and included the construction of two additional housing units, increasing the total number of beds from 290 to 540. These new housing units were designed to have direct supervision, where officers sit in the open area with the general population and have constant interaction with inmates/detainees. According to the U.S. Department of Justice's National Institute of Corrections (NIC), direct supervision, as well as the development of an inmate management strategy, significantly reduces the problem inmate behavior because the focus is on actively identifying and managing inmate behavior before problems escalate, and ensuring an environment that is safe and secure for inmates/detainees, staff and visitors. Officers assigned to the older units sit in a centralized, enclosed area with windows and remotely supervise the population. This indirect supervision proves to have more difficulty identifying problems before they occur, delaying their response time. Additional areas included within the facility include a lobby, booking area, central control room, video arrangement room, laundry room, kitchen, library, recreation area, worker dorm, and the medical housing unit.

Local inmates are housed in the Detention Center, as well as inmates/detainees from other government agencies including Boulder City, Clark County, the Moapa Band of Paiutes (Moapa Paiute), the Las Vegas Paiute Tribe (LV Paiute), the U.S. Marshals Service (USM), and ICE. ICE detainees make up just under half of the total Detention Center population. The graph below shows the monthly average population of ICE detainees compared to the total population by calendar year (CY). The information for CY20 is as of June 30, 2020.



Because ICE detainees are intermingled with the general population, a decision was made years ago to comply with the NDS, the higher set of standards, for the entire population because it is too difficult to ensure compliance with different sets of standards for a portion of the population. There are still some standards that only apply to ICE detainees. For example, two officers are required to transport an inmate/detainee to a medical facility; and at least one officer is required to remain there after admission if they are classified as high risk.

## **OBJECTIVES, SCOPE AND METHODOLOGY**

This audit was completed in accordance with the FY 2020 audit plan. The objectives of the audit were to:

- Analyze revenues associated with the ICE contract and determine if these receipts cover the cost to house ICE detainees.
- Determine if housing ICE detainees in the Detention Center results in increased costs to provide services to non-ICE inmates.
- Ascertain if the Detention Center's staffing is appropriate, considering the facility design, the average daily inmate population and the ICE detainees.

To accomplish these objectives, we reviewed Internal Audit files to determine if any previous audits had been performed on the Detention Center and the outside auditor's (Piercy, Bowler, Taylor & Kern) Required Communications Letter for FY 2019. We communicated the audit objectives to the City Attorney's Office and the Human Resources Department (HR) and requested any areas of concern that they may have. We analyzed staffing, and revenue and expenditure trends. In addition, we reviewed City and department Internet and Intranet websites; and any applicable federal, state, City and department policies related to the audit

objectives. Finally, we performed interviews with HPD staff and observations of the Detention Center to further our understanding of the Detention Center operations.

The audit encompassed the period from July 1, 2018 through June 30, 2020, and the last day of fieldwork was October 14, 2020.

We conducted this audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS IN BRIEF**

We found that revenues received by the Detention Center were not sufficient to cover all expenditures, resulting in an overall loss during the audit period. However, revenues received from ICE helped reduce, but not eliminate, the overall operating loss.

We determined that housing ICE detainees resulted in increased costs for items such as food, clothing, and medical care because the NDS are applied to the entire population, including non-ICE inmates. Detention Center staffing and administration costs are fixed. Therefore, overall expenditures would not significantly change if ICE detainees were not housed at the Detention Center.

We found that mandatory overtime is required to ensure adequate staff coverage due to the current shift schedule and available staff. Additionally, overtime costs have steadily increased over the years and continually exceeded the approved budgeted amount.

In addition, we found that there is no interlocal agreement between the City and Clark County for revenues received for inmate housing. We also found that InTime, the public safety scheduling software system used by the Detention Center, does not interface with PeopleSoft, the City's financial and payroll system, and is not being used to its full potential.

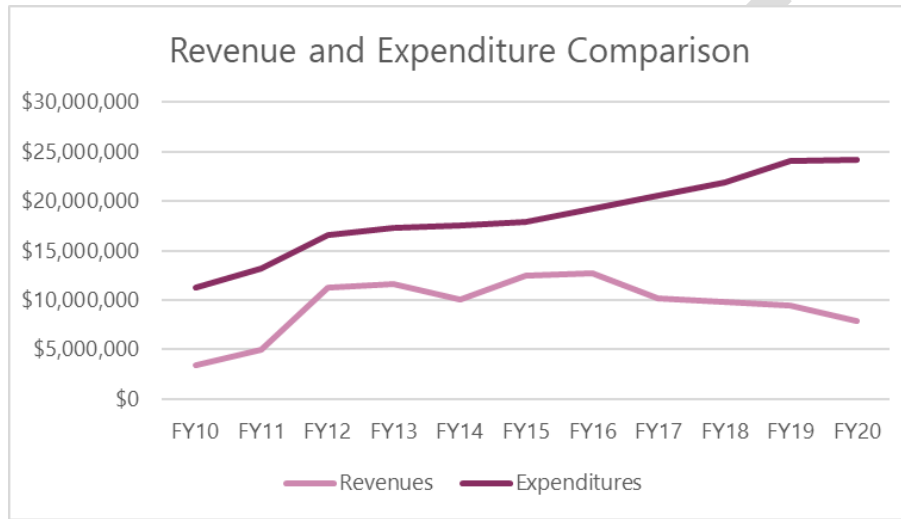
Additional details are noted below.

**DETAILED RESULTS**

**Detention Center Trends**

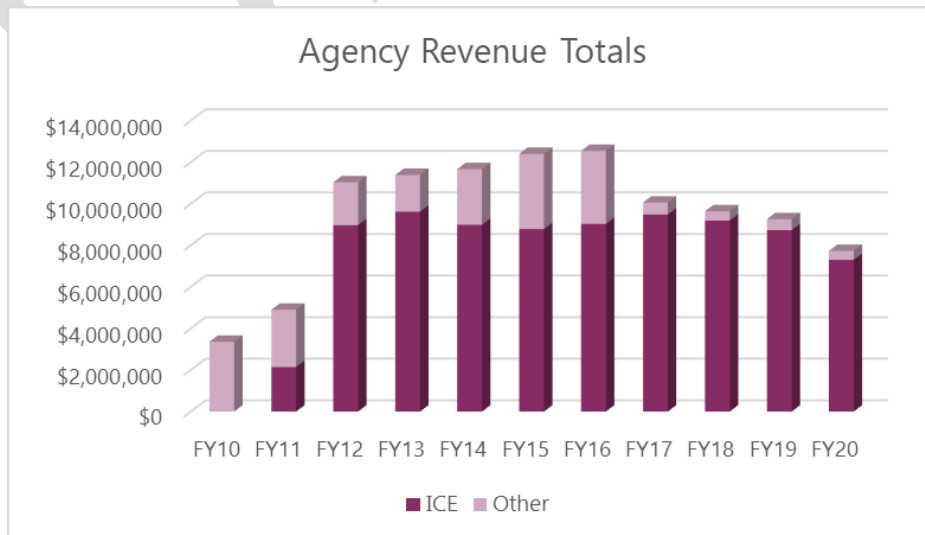
*Revenues*

Total Detention Center revenues as compared to expenditures from the General Fund are shown in the following graph. Expenditures outpace revenues two to one beginning in FY 2017. Expenditures continue to increase as revenues decrease.



\*Revenues and expenditures obtained from PeopleSoft

The Detention Center receives revenue from other government agencies (listed in the Background Section) for housing inmates. ICE has made up a large portion of these revenues since the Detention Center began housing ICE detainees in FY 2011. The graph below shows the total revenue received from ICE as compared to revenue received from the other agencies.

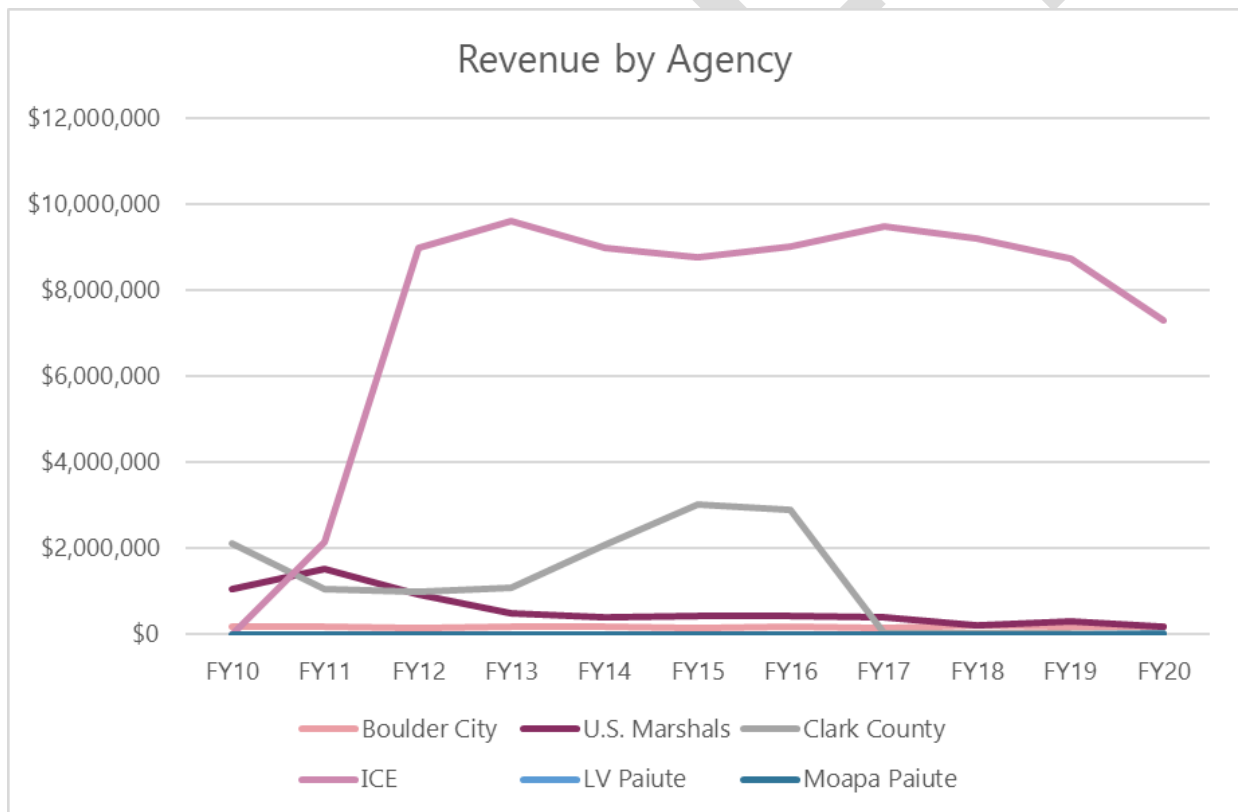


\*Revenues obtained from PeopleSoft

Revenues from these agencies have declined beginning in FY 2017 due to the following:

- CCDC inmates are no longer housed for an extended period beginning in FY 2017.
- The number of ICE detainees housed at the Detention Center has declined beginning in FY 2018.
- Nye County Detention Center in Pahrump began housing ICE detainees in August 2019. Per a review of the Compliance Inspection of the Nevada Southern Detention Center performed by the Enforcement and Removal Operations Salt Lake City Field Office on January 14-16, 2020, the ICE detainee bed capacity is 288 and the average ICE detainee population was 226. This may explain the decrease in ICE detainees at the Detention Center.

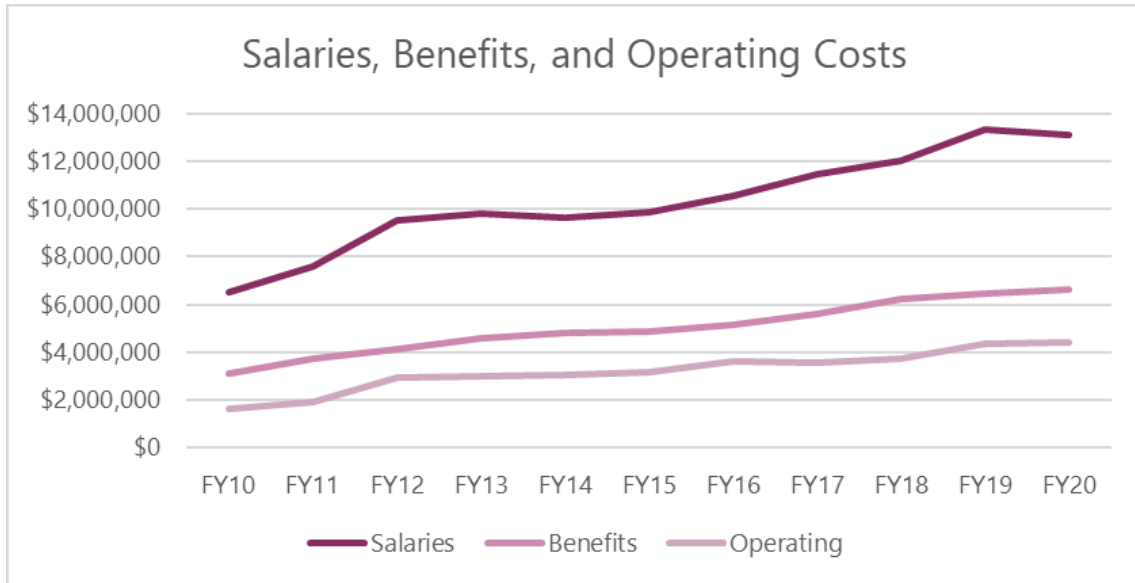
The following graph provides the revenue trends by agency type for FYs 2010 – 2020.



\*Revenues obtained from PeopleSoft

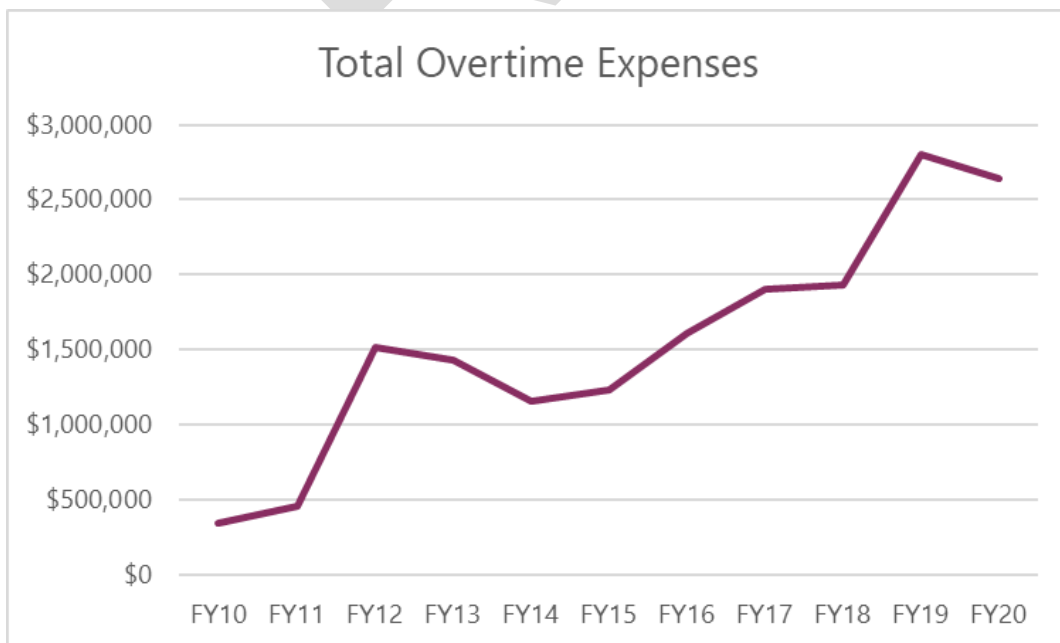
*Expenditures*

The following graph illustrates that salary, benefits, and operating expenditures have increased for the Detention Center from FY 2010 to FY 2020.



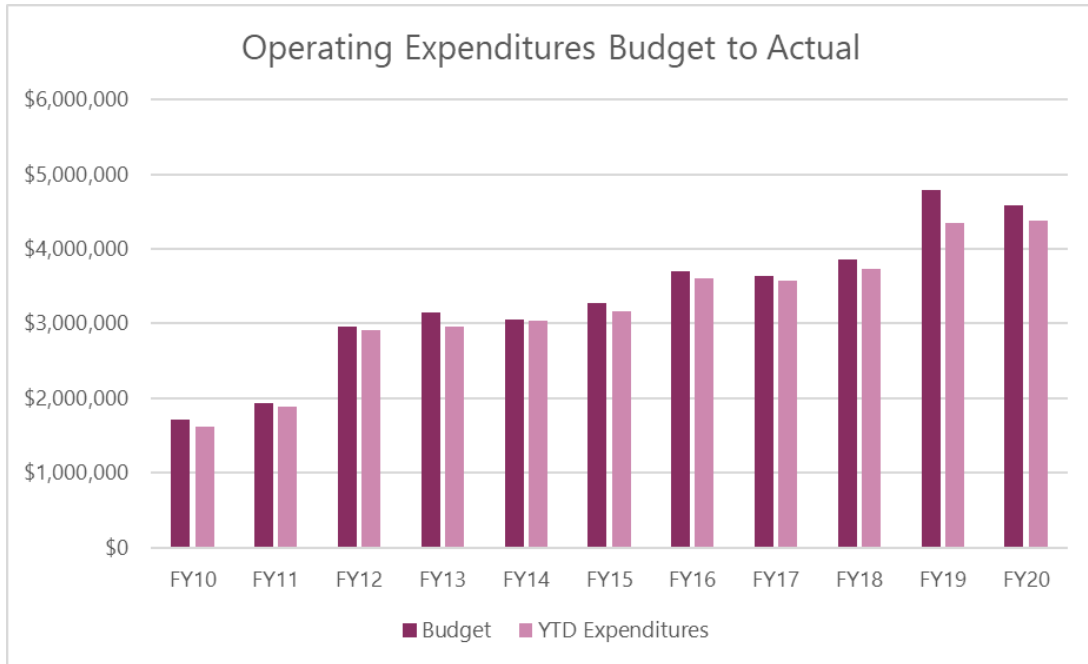
\*Expenditures obtained from PeopleSoft

A major expenditure for the Detention Center is overtime pay. The following graph provides the trend of this expenditure. Overtime has declined slightly for FY 2020.



\*Overtime expenditures obtained from PeopleSoft

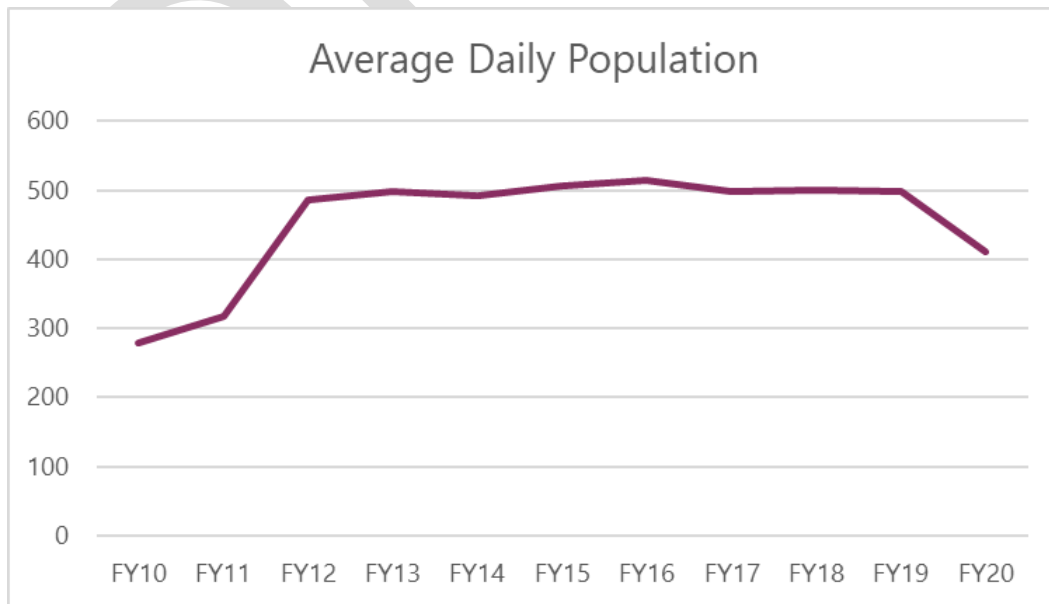
The Detention Center consistently stays within the allocated budget for all operating expenditures.



\*Budget and expenditures obtained from PeopleSoft

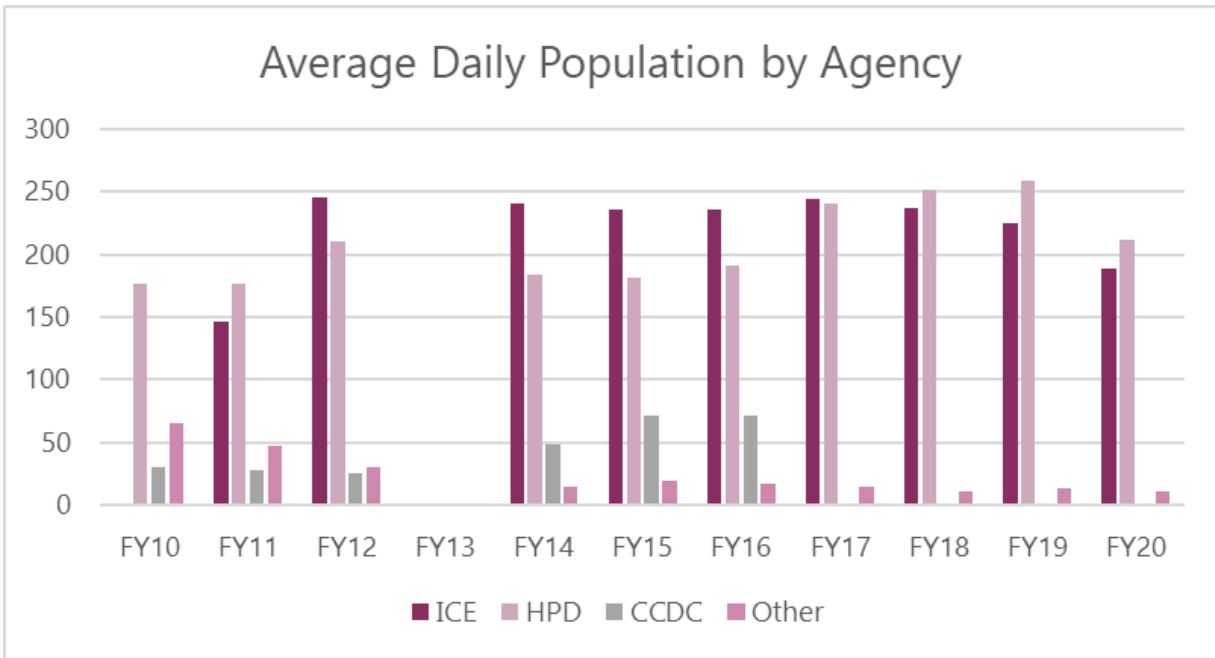
*Average Daily Population*

The average daily population (ADP) defined as daily population divided by the number of days in the month is reflected in this graph. The general population ADP has experienced a downtrend beginning in FY 2016.



\*Statistics obtained from the Henderson Police Department's Finance staff

The following graph reflects the trends of ADP by agency.



\*Statistics obtained from the Henderson Police Department's Finance staff  
 \*Records for FY 2013 were not available

### Community Partnership

The Detention Center kitchen required renovations during the summer of 2019 to ensure compliance with standards. Due to the extent of the required renovations, the kitchen would be inoperable and providing three meals per day for approximately 510 inmates would be an issue. Without reliable meal service, the Detention Center would not be able to house inmates.

Finding a vendor who could handle the volume of meals required was difficult. One of the Detention Center lieutenants personally reached out to Masterpiece Cuisine, LLC., a local business located across the street from the Detention Center and explained the situation. As a result of this effort, Masterpiece Cuisine, LLC. agreed to provide all hot meals as needed in compliance with all health and safety requirements until the kitchen was fully operational again. In addition, kitchen staff found Good Source Solutions, Inc., a wholesale food service supplier, that was able to provide cold boxed meals in bulk for the remaining needs.

Meal service was maintained for all inmates due to the dedication and problem solving of Detention Center staff. We commend them for averting what could have resulted in a problem requiring a complex and costly solution (i.e., temporarily relocating inmates at another facility).

## **Clark County Interlocal Agreement**

An interlocal agreement is a written contract between local government agencies when joint services or operations are required. These collaborative agreements should result in mutual benefits for all parties involved, and aim to provide more efficient, less costly public services. In addition, these agreements include an indemnification clause protecting the entities from liability issues.

Historically, the City had an interlocal agreement with Clark County for inmate housing. As a result of this agreement, the City received approximately \$1.96 million in revenue for FYs 2010 – 2017. Clark County decided to end this agreement after a renovation adding 105 beds to the CCDC was completed in FY 2018 and due to the high cost to house inmates at the Detention Center. However, revenues of \$19,819 were still recognized from Clark County for FYs 2017 – 2020 due to the housing of inmates that cannot be housed at the CCDC, for example a family member of a Metro Police or CCDC officer.

If the City houses inmates from other jurisdictions, an interlocal agreement should be in place. This agreement should outline the specific responsibilities related to support, medical, and transportation services; as well as payment for services by both parties. The Henderson Police Department (HPD) has already identified this need and are currently working with the City Attorney's Office to finalize an agreement with Clark County.

- We recommend that HPD confer with City Management to determine if the Detention Center should continue to house inmates from other jurisdictions. If the decision is to continue to house inmates, the HPD should continue to work with the City Attorney's Office to finalize an interlocal agreement for the current housing obligations of Clark County inmates. If the decision is to discontinue to house inmates, HPD should work with City Management to develop a plan for a transport unit to transfer these inmates to the appropriate facility.

## **InTime Public Safety Scheduling Software System**

InTime is a public safety scheduling software system that assists with building and viewing schedules and managing overtime. This system contains all overtime, timebanks, leaves and complex pay rules for the organization. In addition, this system can streamline the overtime management processes by using advanced reporting to help reduce unnecessary overtime.

The HPD has been using InTime since approximately 2016. Currently, the system does not interface with PeopleSoft. Therefore, dual entry is required into both systems. According to HPD staff, an upgrade to PeopleSoft would be required to eliminate the dual entry requirement and would cost approximately \$50,000 - \$60,000.

It is not time or cost effective for HPD staff to have to enter data into two separate systems. Because these systems are not reconciled, the data in the InTime system cannot be validated. Therefore, HPD cannot appropriately manage or analyze overtime by utilizing this system.

We recommend that the HPD:

- reconcile both systems to ensure accuracy and appropriate overtime management; and
- work closely with the Department of Information Technology (IT) to obtain the necessary upgrade to PeopleSoft to eliminate dual entry and ensure the system is used to its full potential.

**ICE Detainee Cost Analysis**

The current federal per diem rate reimbursed to the City for housing ICE detainees is \$106 per detainee per day. The HPD has estimated the current cost to house ICE detainees as \$161 per detainee per day. This total cost includes labor and overhead expenditures that would be sustained regardless if ICE detainees were housed at the facility. Therefore, the estimated cost for food, operating supplies, and medical care per ICE detainee per day totaled approximately \$25.

As discussed above, the NDS applies to all inmates regardless of whether they are ICE detainees or not. This practice results in an overall increase to the operational expenditures for the Detention Center.

We performed an analysis using the data described above. Even though the City contributes an additional \$55 per day per ICE detainee (\$161 minus \$106), we found that the Detention Center takes less of a loss per year due to revenue received from housing these detainees. The graph below shows the actual loss per year with ICE detainees compared to the estimated loss without ICE detainees.

Fiscal Year	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total Revenue with ICE	12,521,846	12,696,962	10,188,722	9,799,635	9,426,739	7,860,158
Total Expense with ICE	17,914,309	19,265,540	20,621,134	21,948,114	24,118,626	24,157,059
Total Loss with ICE	-5,392,463	-6,568,578	-10,432,412	-12,148,479	-14,691,887	-16,296,901
Total Revenue without ICE	3,744,026	3,669,290	708,201	611,872	700,572	564,860
Total Expense without ICE	16,608,016	17,749,717	19,073,356	20,136,906	22,071,334	22,190,379
Total Loss without ICE	-12,863,990	-14,080,427	-18,365,155	-19,525,034	-21,370,762	-21,625,519
<b>Total Difference</b>	<b>-7,471,528</b>	<b>-7,511,849</b>	<b>-7,932,743</b>	<b>-7,376,555</b>	<b>-6,678,876</b>	<b>-5,328,618</b>
<b>Increased Loss without ICE (%)</b>	<b>139%</b>	<b>114%</b>	<b>76%</b>	<b>61%</b>	<b>45%</b>	<b>33%</b>

\*Revenues and expenditures obtained from PeopleSoft

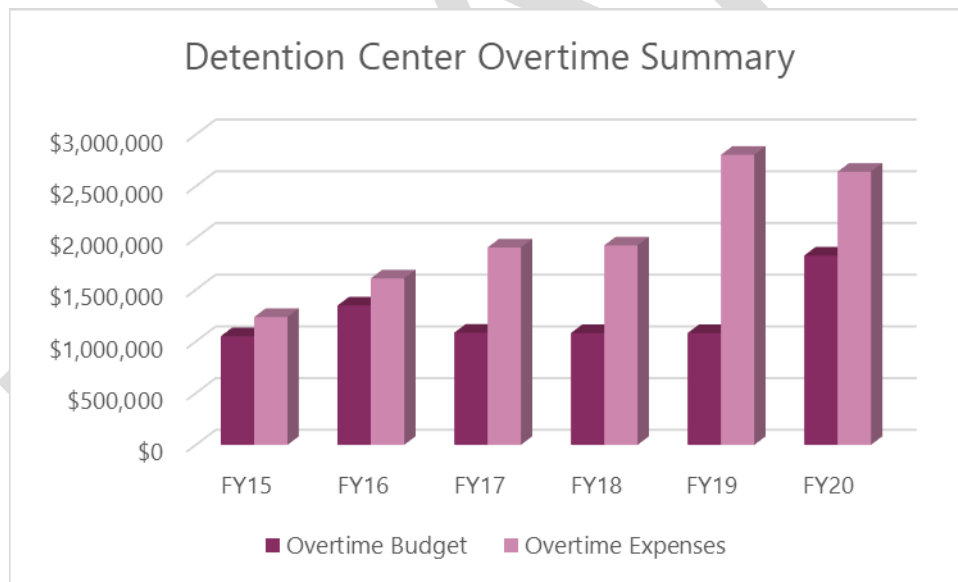
- We recommend that the HPD continue to monitor this area to ensure that housing ICE detainees continues to be a viable option for the City. This would include analyzing costs, political climate and any potential changes that may occur in the future.

**Overtime Requirements**

Overtime is the amount of time worked beyond normal working hours and is paid out at a higher rate of pay than an employee’s standard rate per hour. Therefore, overtime can be extremely costly to organizations and should be reduced to its lowest level to help eliminate unfunded overtime costs.

Detention Center staff are currently scheduled to work six 12-hour shifts and one 8-hour shift (scheduled on Wednesdays) per pay period. There are two day shifts that require a minimum of 16 Correction Officers (Officers) to operate the Detention Center; and two grave shifts that require a minimum of 13 Officers. However, to maintain adequate facility coverage, including coverage for vacation and sick time, Officers are generally required to work a minimum of four hours of overtime on their 8-hour day. Therefore, current staffing levels are not sufficient to eliminate mandatory overtime requirements to ensure adequate staff coverage at the Detention Center.

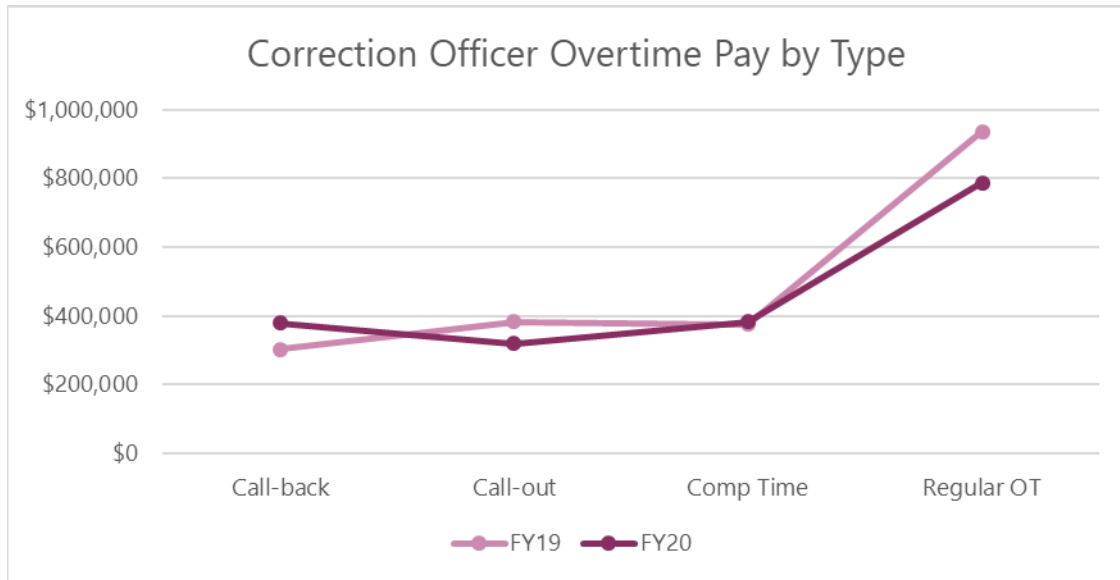
As shown in the graph below, the need for overtime at the Detention Center has increased over the years, showing a slight decline in FY 2020, and has continually exceeded the approved budgeted amount.



\*Overtime information obtained from PeopleSoft

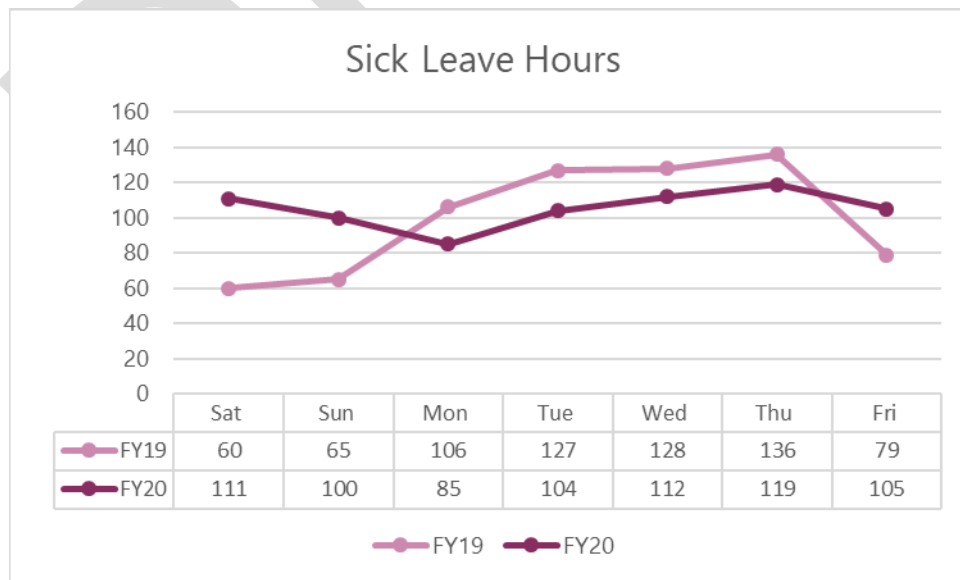
Overtime pay includes regular overtime, comp time, call-out and call-back pay. Regular overtime and comp time accrue at time and a half when hours are worked in excess of a normal shift with 48 hours advance notification. Call-out overtime accrues when 48 hours advance notification is not provided and does not qualify as call-back overtime. Call-back overtime is accrued when an employee has completed their regular work shift and is no longer in pay status; on their normal days off and is called to return to work and is required to report within twelve hours of that call; or requires immediate reporting. Both call-out and call-back pay are

paid at double the regular rate. Call-back overtime is the only overtime pay that is Public Employees' Retirement System (PERS) compensable. The graph below shows overtime pay by type for Correction Officers for FYs 2019 – 2020.

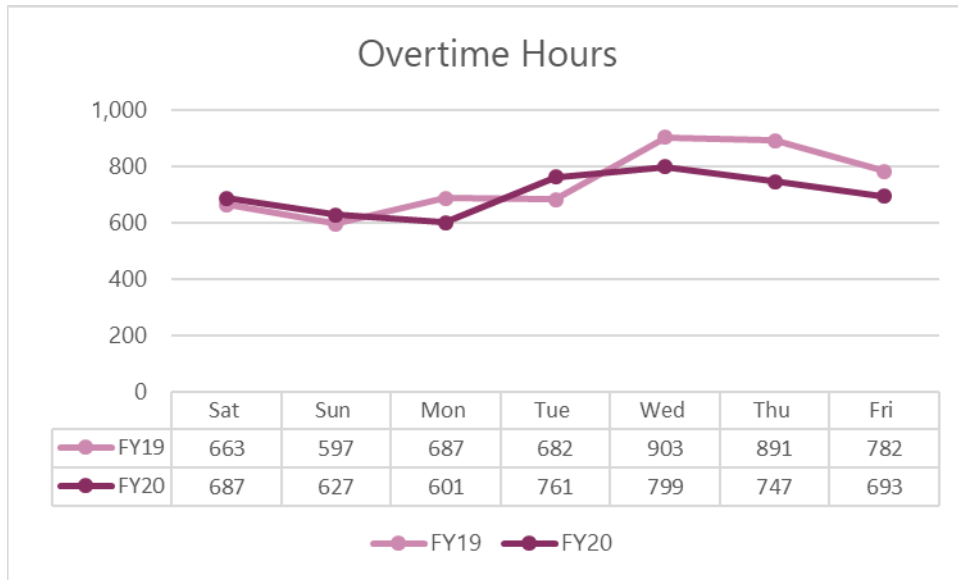


\*Payroll records obtained from the City's Finance Department

Excessive overtime requirements can affect an employee's work-life balance and their ability to plan personal activities accordingly. In addition, there are many negative effects to employees that are required to work excessive amounts of overtime. For example, increased health problems, safety risks, absenteeism; and decreased productivity and morale. This is reflected in the following two graphs showing the trends of sick leave and overtime hours are shown in the graphs below.

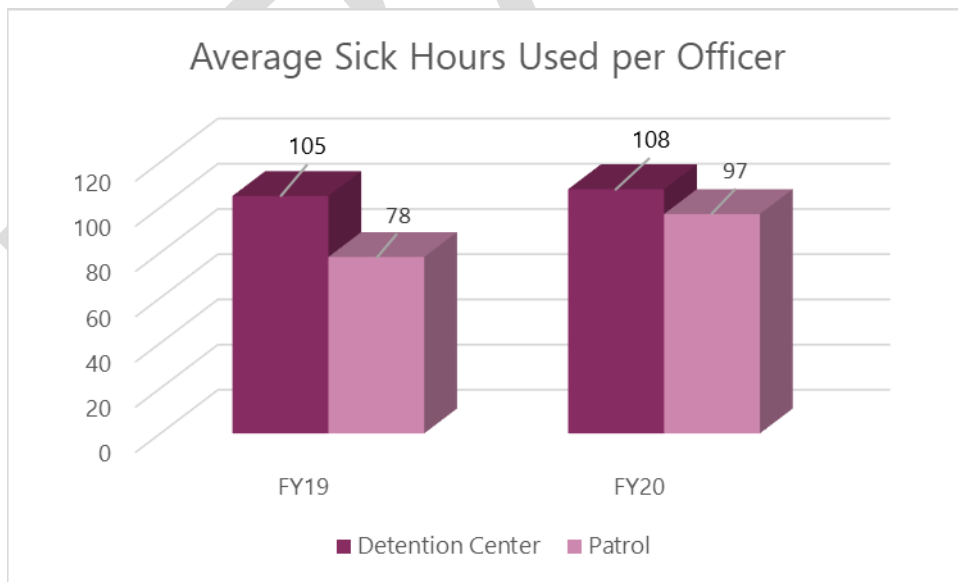


\*Payroll records obtained from the City's Finance Department



\*Payroll records obtained from the City's Finance Department

We performed a comparison of sick leave used for Detention Center Officers to Police Officers assigned to the Patrol units who work a 10-hour shift. We found that overall, Officers assigned to the Detention Center have a higher incidence of sick leave usage. Details are shown in the graph below.



Exploring options of alternative work schedules to eliminate the 8-hour short shift and overtime requirements may reduce the amount of unscheduled leave, also reducing overtime costs.

During FY 2019, an additional eight positions were approved for operational needs. Later that FY, the HPD hired the Nakamoto Group, Inc. at a cost of approximately \$5,000 to assess the current twelve-hour staffing schedule at the Detention Center and determine the most appropriate number and allocation of staff required to effectively operate the facility should they change to a 10-hour shift schedule. The result of this assessment was that nine additional Officers would need to be hired to create a sick annual relief schedule to cover leave for the three shifts required on a 10-hour shift schedule.

According to the NIC, the process for determining adequate staffing for a jail facility, and make it defensible, is to conduct a staffing analysis on a facility-by-facility basis. There are simply too many variables such as physical facility design, level of security, level and times of programs and activities, current labor agreements, state and local standard and statutes, etc. to recommend a specific officer to inmate ratio.

We performed a comparison of similar detention facilities. However, as specified above, the data collected was based on many different variables and no best practices could be determined. However, we found that six out of eight facilities included in our comparison operated on a 12-hour shift. See the chart below for more details.

Facility	Work Shift
Henderson Detention Center Nevada	12-hour shift
Washoe County Jail Reno Nevada	12-hour shift
Glades County Detention Denter Florida	12-hour shift
Clark County Detention Center Las Vegas Nevada	12-hour shift
North Las Vegas Community Correction Center Nevada	12-hour shift
Detention Center Atlanta Georgia	12-hour shift
Tempe Detention Facility Arizona	10-hour shift
Tacoma ICE Processing Center Washington	8-hour shift

Further review is needed to determine if the current staff structure and shift assignments are optimal for the Detention Center. This would require a detailed analysis that is not possible within the scope of this audit engagement.

We recommend that the HPD:

- perform a cost analysis and explore options that could potentially reduce required overtime, such as alternative work schedules (i.e., 10- hour shifts) and/or the addition of full/part-time positions to provide adequate coverage; and
- discuss optimal solutions given available resources with City management.

DRAFT

**APPENDIX A**  
**Management Response Letter**

**From:** [Thedrick Andres](#)  
**To:** [Melissa Wright](#)  
**Cc:** [Michael Denning](#); [David Burns](#); [Bristol Ellington](#); [Nicholas Vaskov](#); [Jim McIntosh](#); [Damon Smith](#)  
**Subject:** RE: HPD Detention Center Draft Audit Report  
**Date:** Monday, November 9, 2020 8:59:27 PM  
**Attachments:** [image002.png](#)

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Hello Melissa,

I have reviewed the Draft Audit Report for the HPD Detention Center and appreciate our Audit Department's thorough review of this division. The audit report will be utilized by the HPD Executive Command Team to analyze our ICE Contract and return on investment before negotiating a new contract. The HPD Executive Command team will also use this comprehensive document to review our current staffing complement in the detention center to ensure we are efficiently operating the jail. Thank you for all the outstanding work done by you and your team in reference to this audit review.

Regards,  
Chief Andres

[Thedrick Andres](#)  
[Chief of Police](#)  
[Henderson Police Department](#)  
[223 Lead Street, Henderson, NV 89015](#)  
[Office 702-267-4786 / Fax 702-267-2033](#)  
[Thedrick.andres@cityofhenderson.com](mailto:Thedrick.andres@cityofhenderson.com)



HPD's Values – *Honor*   *Professionalism*   *Dedication*

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**From:** Melissa Wright <Melissa.Wright@cityofhenderson.com>  
**Sent:** Thursday, November 5, 2020 5:44 PM  
**To:** Thedrick Andres <Thedrick.Andres@cityofhenderson.com>  
**Cc:** Michael Denning <Michael.Denning@cityofhenderson.com>; David Burns <David.Burns@cityofhenderson.com>; Bristol Ellington <Bristol.Ellington@cityofhenderson.com>; Nicholas Vaskov <Nicholas.Vaskov@cityofhenderson.com>; Jim McIntosh

<Jim.McIntosh@cityofhenderson.com>; Damon Smith <Damon.Smith@cityofhenderson.com>

**Subject:** HPD Detention Center Draft Audit Report

Chief,

Attached is the draft report for our audit of the HPD Detention Center.

As we discussed at our meeting yesterday, I changed the information regarding housing inmates from other jurisdictions on Pages 11-12 of the report. Please review and see if you are in agreement with the wording. If this or any other changes are required, please let me know at your earliest convenience.

We also made the correction Chief Burns pointed out - please see correction on Page 12.

Please provide a written response, in electronic format, to the audit report by Wednesday, November 18. This response will be attached to the draft audit report and presented to the Audit Committee at the meeting scheduled for Thursday, December 3 at 4 p.m.

As always, it is a pleasure to work with you and your team. We especially appreciated the cooperation and assistance provided by Captain Damon Smith and other HPD staff during the engagement.

Thank you! Melissa

DRAFT