



CITY OF RENO
AUDIT REPORT

PUBLIC WORKS INVENTORY CONTROL
CORP YARD
DECEMBER 2019

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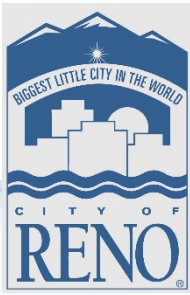
OBJECTIVES

The audit review included observations of the Corp Yard inventory, storage, and facility. Specifically, objectives include:

- To evaluate the inventory process of equipment and supplies at the Corp Yard;
- To evaluate the security of the City of Reno equipment and supplies at the Corp Yard;
- To review policies and procedures in place and compliance with citywide policies;
- To evaluate the risk of fraud, waste, and abuse relative to the audit objectives.

INTERNAL AUDIT MISSION STATEMENT

To provide the City of Reno with an independent appraisal function designed to assist the Reno City Council, citizens, and City management in establishing accountability, transparency, and a culture of continuous improvement in City operations.



Executive Summary

Public Works Inventory Control Audit – Corp Yard

Purpose of Audit

A tip was communicated to Internal Audit regarding misuse and theft of City-owned equipment at the Corporation Yard (Corp Yard). This performance audit was quickly initiated with the intent to evaluate the inventory controls at the Corp Yard, provide actionable recommendations to secure City-owned equipment at the Corp Yard, and evaluate compliance with documented citywide policies.

Audit Recommendations

Recommendations include:

- ✧ Cease the practice of allowing employees to take home City-owned equipment for personal use.
- ✧ Implement a periodic inventory process for sensitive City-owned equipment.
- ✧ Cease the practice of allowing employees to use the facility and City-owned equipment during non-working status.
- ✧ Implement security enhancements at the Corp Yard.

Detailed recommendations are included in the body of the report for each of the 14 audit findings. Management agrees with 13 of the 14 recommendations and departmental actions are being taken for those items.

KEY FINDINGS

- ✧ Cultural practices at the Corp Yard do not support an appropriate level of stewardship of City-owned equipment and property.
- ✧ An inventory process is not in place for sensitive equipment maintained at the Corp Yard. City-owned property that are sensitive to loss are required to be tracked by each department. If a baseline inventory had been available, it may have provided supporting evidence of the recent suspected theft of equipment at the Corp Yard and assisted with restitution efforts.
- ✧ Cultural practices may increase potential liability regarding employees' facility use during non-working status.
- ✧ Facility security could be bolstered with the implementation of all or a portion of the five recommendations for this section.
- ✧ The recently constructed workout room at the Corp Yard does not have accompanying code compliance documentation.

BACKGROUND

At the Corp Yard, there was a longstanding practice allowing employees to take home City-owned equipment for personal use. In addition, practices included permitting employees to use the facility and City-owned equipment during non-working status for personal projects.

BACKGROUND

Corporation Yard

The City of Reno’s Public Works department employs approximately 190 staff within multiple divisions. Public Works divisions include Capital Projects, Traffic Operations, Traffic Engineering, Sewer Operations and Maintenance, Street Maintenance, Building Maintenance (BTS), and Fleet Maintenance. The maintenance and operations divisions are based at the Corporation Yard.

The City of Reno’s Corporation Yard (Corp Yard) is located on Commercial Street and is situated with the Truckee River to the south, railroad tracks to the north, and Interstate 580 to the east. The main building was constructed in 1972 for the same purpose for which it is currently used: maintenance and manufacturing facilities as well as vehicle maintenance. Additional items and structures on the property include an old barn “streets barn,” a salt/sand storage dome, a wash rack, a fueling area, and multiple storage containers/boxes.

The property is enclosed by chain link fencing on all four sides with a block wall on the north side that parallels the chain link fence. Vehicles gain access to the yard via one of two gates. Gates open with either an employee badge or a remote gate sensor as issued to employees. Additional users of the Corp Yard include City of Reno departments with a satellite location, Truckee Meadows Water Authority (TMWA) vehicles, and those servicing or fueling city-issued vehicles. Although these users do not generally use the main building on-site, they have access to enter the gates of the Corp Yard.

Audit Criteria, Generally

The Green Book issued by the Government Accountability Office (GAO) sets internal control standards for government entities. GAO Green Book Principle 10.01 states, in part, "Management should design control activities to achieve objectives and respond to risks ... Physical control over vulnerable assets: Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records." This industry standard is the broad criteria applicable for the majority of the exceptions within this report. Criteria specific to citywide policies are documented with specific details of the policies within the body of the report.

AUDIT RESULTS

Internal Audit conducted this review of the oversight of City-owned equipment maintained at the Corp Yard during July and August of 2019. Audit methodologies included queries of personnel; observations of the Corp Yard buildings, property, and perimeter; and examination of documents.

Safeguarding City Equipment

Misuse of City Equipment

1. At the Corp Yard, there was a longstanding practice allowing employees to take home City-owned equipment for personal use. The process for this was casual, without documentation of equipment borrowed and without a procedure to verify equipment had been returned. Personal use of City-owned equipment adds wear and tear on equipment, which may cause it to breakdown sooner than it would have under normal business conditions. Once the equipment leaves City property, there is no guarantee it will be returned. Additionally, this practice could aid in schemes of theft and indeed did occur recently.

Policy prohibits personal use of City-owned equipment. Specifically, *City of Reno Policy and Procedures 402 Rules of Conduct* lists causes for corrective action regarding employee conduct and includes, “Any unauthorized use of telephones, equipment, computers, or any other City-owned or controlled equipment/property which exceeds nominal/incidental use.” In this instance, while the equipment may not have been “unauthorized,” the intent of the City’s policy is clear.

Recommendation:

We recommend the practice of allowing employees to take home City-owned equipment cease. *Note: Once Audit became aware of this practice, it was communicated to the City Manager who then issued a directive to departmental management to immediately stop this practice.*

Facility Use During Non-Working Status

2. At the Corp Yard, there was a longstanding practice allowing employees to use the facility and City-owned equipment during non-working status. This practice increases the liability of the City should an accident occur. In addition, personal use of City-owned equipment may decrease their useful operational lifespan and contribute to additional purchasing costs. Policy prohibits the use of assets for non-City-related business. Specifically, *City of Reno Policy and Procedures 205 Capital Assets* states, in part, “Department heads are responsible for: ...Ensuring that assets are used only for City business ...” City assets include land, buildings, machinery, and equipment valued at \$10,000 and greater.

Recommendation:

We recommend the practice of allowing employees to use the facility and City-owned equipment during non-working status cease. *Note: This recommendation is not intended to preclude normal use of the workout room during non-working status.*

**Inventory Process
Is Not In Place**

3. An inventory process is not in place for sensitive equipment maintained at the Corp Yard or equipment stored in maintenance vehicles based at the Corp Yard. Policy requires an inventory process for equipment sensitive to loss. Specifically, *City of Reno Policy and Procedure 205 Capital Assets* states, in part, “Sensitive-to-Loss Assets will ... be tracked for internal control purposes and inventoried in accordance with this policy by the department holding the assets.” Without complete inventory records, assets are not adequately safeguarded, it is unknowable if equipment is removed without authorization, and providing supporting documentation in instances of theft of City-owned equipment is not possible.

Recommendation:

We recommend departmental management create a baseline for sensitive equipment inventory and periodically conduct inventory of equipment maintained at the Corp Yard.

**Technology Could
Better Monitor City
Equipment**

4. The City uses monitoring devices on a limited number of City-owned equipment. GPS Geotag devices currently monitor 40 vehicles. City-owned vehicles and sensitive equipment items that are of a high risk of misuse or misappropriation could be better monitored by the implementation and use of technological devices and the associated software. Capabilities include the ability to locate vehicles in real-time, reduce fuel costs by tracking usage trends, increase asset utilization, and track and reduce unsafe driving events.

Recommendation:

We recommend monitoring devices be implemented to provide additional oversight for City vehicles and equipment that are of a high risk of misuse or misappropriation.

Facility Security

Corp Yard City-owned equipment is maintained inside the main building’s workshops, in storage containers/boxes on the property, outdoors on the property, in the “streets barn,” and on the mezzanine level of the building. The main building contains four sections, Building Technical Services (BTS), Sewers, Streets and Traffic, and Fleet. The majority of the assets sensitive to loss are maintained in the metals shop, carpentry shop, tool room, and BTS mezzanine level. Access to interiors are numerous with over 50 points of entry including roll-up doors, and are controlled either by physical keys or by electronic Identification Access Badge-readers. Audit findings and recommendations in this section are intended to be applied together, as the whole is greater than the sum of its parts.

Badging System Adjustments

5. Entry points into the Corp Yard’s main building that are secured with an electronic badge-reader can be accessed by all Corp Yard employees that have been issued an ID badge. This access includes work areas that do not pertain to their job duties. Permitting employees access to facility areas that do not pertain to their job duties may increase the risk of equipment misappropriation. In addition, installing additional badge-reader access points in high-risk areas of the building, rather than access via a physical key, would improve controls.

Recommendation:

We recommend the badge-reader system be adjusted to limit access to the main building’s interior quadrants to only those areas required for employees’ job functions. In addition, we recommend additional badge-reader access points be installed in high-risk areas.

Key Controls Improvements

6. Entry points within the main Corp Yard building that are secured with a physical key can be accessed by anyone that holds the corresponding key. Security over these areas cannot be quantified due to the absence of a key control process and tracking methodology. Public Works management indicated there is not a key issuance and return process in place for the Corp Yard physical keys.

Recommendation:

We recommend high-risk areas of the Corp Yard that are accessed by a physical key be rekeyed and a key control process and tracking methodology be implemented for those keys. In addition, we recommend management consider rekeying other areas where key distribution cannot currently be verified.

Video Surveillance Improvements

7. The video surveillance coverage at the Corp Yard does not effectively provide quality images of critical areas. The hardware in use is aging and continuous coverage is unreliable. Critical areas include interiors where sensitive equipment is maintained, gate entrances, access points into the main building, and perimeter fencing. Well-designed surveillance systems may act as a deterrent to internal equipment misappropriation and may provide evidentiary data after an incident. In addition, additional surveillance presence may deter individuals that have the intent to trespass on the property.

Recommendation:

We recommend the video surveillance system be upgraded to provide quality images and adequate coverage over critical areas.

Perimeter Fencing Enhancements

8. Perimeter fencing could be adjusted to site security. The eastern and western fencing perimeters include outrigging/barbed-wire that is pointed towards the property. (The standard is for it to be pointed away from the area that is being protected to discourage climbing.) A portion of the west fencing has the ability to open although it is not used often; this portion currently does not adequately secure access to the site. In addition, the south perimeter fencing is often cut into to gain access to the property and necessitates repairs. With increased foot traffic in the area, the effect of open access is more impactful on employees and security than it has been in the past. Without effective perimeter deterrents, unauthorized access to the site may increase, control over City-equipment decreases, and the safety of City employees may be compromised.

Recommendation:

We recommend enhancements to the perimeter fencing of the Corp Yard be considered.

Employee Parking Relocation

9. Many employees park on the south side of the building or in the eastern lot. This leads to most staff entering the building via one of its many exterior doors with either a badge-reader or physical key. The combination of multiple exterior points of entry, lack of key controls, current surveillance coverage, and cultural norms are contributing to the permissive viewpoint regarding City-owned equipment at the Corp Yard. Relocating employee parking to the front northern lot may encourage employees to enter through the main door of the building. Security

over the main entry point currently includes a badge-reader-secured door and could later be enhanced with dedicated surveillance coverage. Changing the flow of employee patterns for the cross-divisional workforce may also alert supervisory staff if employees remove equipment directly out of the building through a shop’s exterior door to their vehicle.

Recommendation:

We recommend management consider relocating employee parking to the front, northern lot of the Corp Yard.

Policy and Procedure Compliance

Employee Separation Process

10. A standardized process to check-in City issued items upon employee separation does not exist for Corp Yard employees. Without a systematic process to check-in City issued items upon employee separation, it is not possible to provide assurance that all items were returned. Citywide policy requires a separation process for equipment and keys. Specifically, *City of Reno Policy and Procedure 407 Employee Separation* states, in part, “All departments shall establish and implement a procedure documenting the assignment of City equipment and tracking of electronic system access. The supervisor shall complete the process to include obtaining all equipment and keys from the separated employee ...” The Public Works department has not implemented a procedure described in this policy for employees assigned to the Corp Yard.

Recommendation:

We recommend the department implement an employee separation process for Corp Yard employees as detailed in the citywide policy.

Citywide Policy Distribution

11. Citywide policies are not timely distributed to Public Works employees at the Corp Yard. Per inquiry with multiple management personnel, they were not aware of a citywide policy that became effective six days earlier. We verified the two policies, *Safety* and *Nepotism* were distributed by City Manager’s Office staff via email to the prescribed distribution list. *City of Reno Policy and Procedure 101 Policy and Procedure* states, in part, “The Director of each area is responsible for: ... Distribution of new [Management Policies and Procedures] to affected employees within area.”

Recommendation:

We recommend citywide policies be timely distributed to Public Works employees at the Corp Yard.

**Reno Police Department
Property Storage**

- 12.** The north lot of the Corp Yard is currently used to store Reno Police Department impound vehicles. The impound vehicles, Major Accident Investigation (MAIT) vehicles, are those involved in an incident resulting in fatality or substantial bodily harm. The vehicles are maintained throughout the investigation and course of the criminal case, for a minimum of six to nine months. The presence of the vehicles may encourage trespassers, as there are materials that can be pilfered from the vehicles and removed. In addition, vehicles that are damaged or altered under the care and custody of the City may be subject to financial claims. The situation is considered together with the conditions of the perimeter fencing, the effectiveness of video surveillance, and the efficiency of the use of the north lot.

Recommendation:

We recommend the Reno Police Department-held vehicles not be stored at the Corp Yard.

**Workout Room Code
Compliance**

- 13.** We observed a workout room on the mezzanine level of the Corp Yard's main building. Per inquiry, the room was assembled approximately two years ago and it was not known if a building inspection was conducted after the renovation to verify building code compliance. The unusual structure, the weight of the equipment on a mezzanine floor, and the unclear code compliance flagged concerns regarding safety of employees using the workout room and those working in the shop below. Executive management was immediately notified of the workout room once the safety concern was identified.

Recommendation:

We recommend building code compliance be determined for the current workout room on the mezzanine level and, if it does not meet building code standards, the usage of the area be altered to achieve compliance.

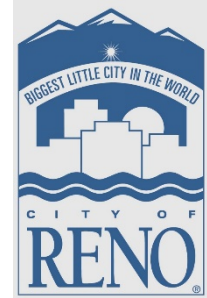
**Records Are Maintained
in Excess**

14. We observed multiple large filing cabinets maintained on the mezzanine level of the Corp Yard’s main building containing documents that exceeded record retention requirements. A haphazard sample of papers examined within the cabinet identified documents dated 1998 and 2000. Additionally, banker boxes dated back to 2006 were observed in other mezzanine level areas of the building. Maintaining documents longer than the state’s record retention requirements may increase staff research time and workload. In addition, the areas storing the documents may be used more efficiently without the unnecessary document storage.

Recommendation:

We recommend stored documents that exceed the record retention requirements be disposed of and, going forward, documents be disposed of on a rolling basis per the record retention schedules.

PUBLIC WORKS INVENTORY CONTROL – CORP YARD
Public Works Management Responses



Findings' Conditions (condensed), Recommendations, and Management Responses

Misuse of City Equipment

1. At the Corp Yard, there was a longstanding practice allowing employees to take home City-owned equipment for personal use. The process for this was casual, without documentation of equipment borrowed and without a procedure to verify equipment had been returned.

We recommend the practice of allowing employees to take home City-owned equipment cease.

What measures are planned to address this finding?

The practice of allowing employees to take home City-owned equipment has ceased. It will be measured by allowing zero items to be taken home, and monitored by supervision and peers.

When will the measures be taken?

The practice was stopped on June 6, 2019, the day that it was realized that an employee had abused the practice and had taken numerous items without permission.

Facility Use During Non-Working Status

2. At the Corp Yard, there was a longstanding practice allowing employees to use the facility and City-owned equipment during non-working status.

We recommend the practice of allowing employees to use the facility and City-owned equipment during non-working status cease.

What measures are planned to address this finding?

The practice of allowing employees to use the facility and City-owned equipment during non-working status has ended, except for use of the wellness center, which is consistent with the use of the City Hall wellness center. This is measured and monitored by supervision and peers.

When will the measures be taken?

These measures were implemented by July 12, 2019.

Inventory Process is Not In Place

3. An inventory process is not in place for sensitive equipment maintained at the Corp Yard or equipment stored in maintenance vehicles based at the Corp Yard.

We recommend departmental management create a baseline for sensitive equipment inventory and periodically conduct inventory of equipment maintained at the Corp Yard.

What measures are planned to address this finding?

All items valued at greater than \$500 as well as anything else deemed “sensitive equipment” are being inventoried. Once the level of effort is determined, a frequency will be determined for conducting inventories (quarterly or semiannually.) Electronic inventory systems are being investigated; however, initial reports have included costs of \$10,000 to \$40,000, annually. Given that the most recent event could have resulted in an estimated \$15,000 loss (the extreme case), we must evaluate the return on investment for these systems. We will put inventory requirements in a tracking system, and the Assistant Director will monitor each section’s manager to ensure the inventories have been completed.

When will the measures be taken?

Initial inventories will be complete by October 31, 2019. Implementation of an electronic (scanning and software) solution is still being investigated and the implementation is TBD.

Technology Could Better Monitor City Equipment

4. The City uses monitoring devices on a limited number of City-owned equipment. GPS Geotab devices currently monitor 40 vehicles. City-owned vehicles and sensitive equipment items that are of a high risk of misuse or misappropriation could be better monitored by the implementation and use of technological devices and the associated software.

We recommend monitoring devices be implemented to provide additional oversight for City vehicles and equipment that are of a high risk of misuse or misappropriation.

What measures are planned to address this finding?

GPS Monitoring devices cost the city \$20 to \$30/month and are used selectively for vehicles where there has been a history of accusations against the city (snow plows, street sweepers, longline striper and herbicide trucks). Costs for cameras in these types of vehicles is also being investigated. These costs also include server costs, as was learned because of the police body camera requirements. Other types of technology are being investigated to see if there is some type of RFID tag or something that could be used. Each of those technologies are expensive as well, due to large piece of scanning equipment that is required to be at all egress locations. We are working with IT to produce controls for inventory software and key control equipment. The cost for this recommendation is potentially in excess of \$100,000 annually if it were implemented without judgement.

When will the measures be taken?

Investigation into systems and their costs is ongoing.

Badging System Adjustments

5. Entry points into and within the Corp Yard that are secured with an electronic badge-reader can be accessed by all Corp Yard employees that have been issued an ID badge. This access includes work areas that do not pertain to their job duties and permits access outside of normal operating hours.

We recommend the badge reader system be adjusted to limit access to the main building's interior quadrants to only those areas required for employees' job functions.

What measures are planned to address this finding?

Badging is now required to enter the Facilities (BTS) shops as well as the Tool Room. Additional badging system improvements are planned for more of the exterior doors, to allow for selective entrance and control of timing.

When will the measures be taken?

Tool Room and Facilities access changes were implemented in early September 2019. Additional measures will be financially evaluated and done when they can be afforded.

What will be done to avoid the issue in the future?

We will continue to evaluate badge system capabilities as well as newer technologies to limit access on an as needed basis.

In addition, we recommend system adjustments be made to preclude gate access to the Corp Yard for non-supervisory staff during non-working hours.

What measures are planned to address this finding?

We will review all personnel response capabilities, and limit access to anyone who would not normally require response after hours.

When will the measures be taken?

By November 2019.

What will be done to avoid the issue in the future?

To avoid this in the future, we will conduct a quarterly security review to determine if anyone's status has changed and no longer requires access, if this was not already completed

Key Control Improvements

6. Entry points within the main Corp Yard building that are secured with a physical key can be accessed by anyone that holds the corresponding key. Security over these areas cannot be quantified due to the absence of a key control process and tracking methodology. Public Works management indicated there is not a key issuance and return process in place for the Corp Yard physical keys.

We recommend high-risk areas of the Corp Yard that are accessed by a physical key be rekeyed and a key control process and tracking methodology be implemented for those keys.

What measures are planned to address this finding?

The two highest risk locations (Tool Room and Facilities Shops) have been rekeyed, and have been selected for a trial of new electronic key technology. If the electronic keying system works as advertised, then this might be the solution to invest in for additional areas. The new keys that have been issued are tracked by Facilities using a written key

log. Key control is now also included on the check-in and check-out sheets for incoming and outgoing employees.

When will the measures be taken?

Our two highest risk locations (Tool Room and Facilities) were rekeyed at the end of August 2019. The electronic key technology implementation date is still TBD pending the technology's functionality and funding.

In addition, we recommend management consider rekeying other areas where key distribution cannot currently be verified.

What measures are planned to address this finding?

We are assessing the risk in other areas as well, and will rekey as necessary.

When will the measures be taken?

As other areas are deemed high risk, those areas will be taken off the master key system.

Video Surveillance Improvements

7. The video surveillance coverage at the Corp Yard does not effectively provide quality images of critical areas.

We recommend the video surveillance system be upgraded to provide quality images and adequate coverage over critical areas.

What measures are planned to address this finding?

We are in the process of getting quotes for how much upgrades will cost. Additionally, city personnel is reviewing the current video surveillance coverage. Once we understand the costs, we will prioritize expenditures and systematically improve as we have budget to afford it.

When will the measures be taken?

Once quotes are received, additional measures will be taken.

Perimeter Fencing Enhancements

- 8 Perimeter fencing could be adjusted to bolster site security. Without effective perimeter deterrents, unauthorized access to the site may increase, control over City-equipment decreases, and the safety of City employees may be compromised.

We recommend enhancements to the perimeter fencing of the Corp Yard be considered.

What measures are planned to address this finding?

This is another item that requires a systematic approach. Facilities is gathering proposals to improve the fencing and gates on the west end, because this is where we have found most entrances into the Corp Yard recently. After those improvements are made, then we will assess if the south side fencing is a good investment.

When will the measures be taken?

It is anticipated that the west end will get done fall of 2019. The east end will be taken care of with the Spaghetti Bowl Express project by NDOT and other perimeters will be reviewed with a systematic approach.

Employee Parking Relocation

9. Many employees park on the south side of the building or in the eastern lot. This leads to most staff entering the building via one of its many exterior doors with either a badge-reader or physical key. The combination of multiple exterior points of entry, lack of key controls, current surveillance coverage, and cultural norms are contributing to the permissive viewpoint regarding City-owned equipment at the Corp Yard. Relocating employee parking to the front northern lot may encourage employees to enter through the main door of the building.

We recommend management consider relocating employee parking to the front, northern lot of the Corp Yard.

What measures are planned to address this finding?

Due to the number of vehicles that are parked for the fleet shop operations, auction vehicles, as well as Code Enforcement and Building Inspectors, there are not enough parking places in the front northern area currently to meet the need. Additionally, executive management has asked us to find a way to consolidate the Fire Equipment Maintenance Shop into the Corp Yard. Current thinking is that this should be located in this same parking area, so that there is synergy between the current Fleet shops and this additional repair shop capability. This will mean that the eastern parking lot will become even more full since there will be almost no room to the north for parking.

When will the measures be taken?

We do not recommend taking this recommendation for the reasons stated above.

Employee Separation Process

10. A standardized process to check-in City issued items upon employee separation does not exist for Corp Yard employees. Without a systematic process to check-in City issued items upon employee separation, it is not possible to provide assurance that all items were returned.

We recommend the department implement an employee separation process for Corp Yard employees as detailed in the citywide policy.

What measures are planned to address this finding?

This is being developed at the Corp Yard for on site Public Works employees. This check-in/check-out list will be maintained in the employees file on site, documenting what was issued to them and what is to be returned. Key control is now centrally controlled by Facilities, and is a part of this list.

When will the measures be taken?

The first version of this checklist will be complete by the end of October, 2019.

What will be done to avoid the issue in the future?

It is anticipated that the checklist will need to be a living document as processes change over time. We will keep updating the checklist to ensure it keeps up with new processes as they are developed.

Citywide Policy Distribution

- 11.** Citywide policies are not timely distributed to Public Works employees at the Corp Yard.

We recommend citywide policies be timely distributed to Public Works employees at the Corp Yard.

What measures are planned to address this finding?

City policies will be timely distributed to Public Works employees at the Corp Yard. This will be monitored by the Public Works Director to whom the policies are sent. Once they have been forwarded to divisions, the Assistant Directors will further promulgate the information either by forwarding the emails, or by posting in employee areas, depending on what is best for the various sections. Assurance will be achieved by Assistant Directors checking with Managers and Supervisors that each employee has read the new policies.

When will the measures be taken?

These measures were taken by the end of September, 2019.

What will be done to avoid the issue in the future?

The Public Works Management Team will discuss new policies at PWMT meetings, to ensure all are aware that the emails with new policies have been sent out and ensure they have been promulgated as discussed above.

RPD Property Storage

- 12.** The north lot of the Corp Yard is currently used to store Reno Police Department impound vehicles. The presence of the vehicles may encourage trespassers, as there are materials that can be pilfered from the vehicles and removed.

We recommend an alternative location for Reno Police Department-held vehicles be identified and used.

What measures are planned to address this finding?

An alternative location is being worked on by Facilities to make it ready for these vehicles to go into, so that they are no longer in the north parking lot.

When will the measures be taken?

Once the electrical system and security system is in place, the vehicles will be moved in.

Workout Room Code Compliance

- 13.** We observed a workout room on the mezzanine level of the Corp Yard's main building. Per inquiry, the room was assembled approximately two years ago and it was not known if a building inspection was conducted after the renovation to verify building code compliance. The unusual structure, the weight of the equipment on a mezzanine floor, and the unclear code compliance flagged concerns regarding safety of employees using the workout room and those working in the shop below.

We recommend building code compliance be determined for the current workout room on the mezzanine level and, if it does not meet building code standards, the usage of the area be altered to achieve compliance.

What measures are planned to address this finding?

Once notified of concerns by the auditor, building inspectors inspected the area and found the room satisfactory. That said, there is not record of a building permit for the room, which, while not required by law, is the standard for Public Works. Facilities is in the process of applying for the permit, so that a permit is on file.

When will the measures be taken?

Building permitting will be completed by the end of 2019, but does not preclude the use of the area, since it was not required, according to verbal discussion with the building inspector.

Records Are Maintained in Excess

- 14.** We observed multiple large filing cabinets maintained on the mezzanine level of the Corp Yard's main building containing documents that exceeded record retention requirements. Additionally, banker boxes dated back to 2006 were observed in other mezzanine level areas of the building.

We recommend stored documents that exceed the record retention requirements be disposed.

What measures are planned to address this finding?

The stored documents that exceed the record retention requirements will be disposed of. Measurement will be by visual verification that the records are no longer in the file cabinets. Monitoring will be by the cognizant manager. Assurance will be provided by follow up of the assistant director.

When will the measures be taken?

Because there is some verification necessary, this will be completed by the end of the year, December 31, 2019.

What will be done to avoid the issue in the future?

Going forward, documents will be disposed of on a rolling basis when required by the record retention schedule(s).

Scope

The audit scope included a review of active practices and policies at the Corp Yard. Audit fieldwork began July 8, 2019 and concluded August 9, 2019.

Methodology

The audit review included observations of the Corp Yard inventory, storage, and facility. We queried personnel regarding the security and inventory of the equipment and supplies at the Corp Yard and other auditing procedures as was considered necessary. Conclusions were reached by:

- Observation of the storage and access point of Corp Yard equipment;
- Observation of the Corp Yard's work environment in relation to best practices;
- Review of employee separation process for compliance with established policies;
- Inquiries regarding inventory process and cultural norms at the Corp Yard;
- Evaluating the risk of fraud, waste, and abuse relative to the audit objectives.

Audit Standards

We conducted this audit in accordance with standards of The Institute of Internal Auditors, sans Standards 1310-1 through 1321. 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.