

20-01 Public Works Inventory Control - Corp Yard Audit - Follow-up

Status of Corrective Actions to Management Responses
 As of July 2020
 Original Report Issuance - December 2019
 Follow-up result: The Inventory Process finding is outstanding; follow-up will be conducted in six months.



City Auditor's Office
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Public Works

Finding (condensed)	Recommendations	Management Response	Follow-up Status
1 Misuse of City Equipment			
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 been returned.	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.	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. 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.	No Change. Employees are still not allowed to take home City-owned equipment for personal use. Audit Comment to Follow-up No further follow-up needed.
2 Facility Use During Non-Working Status			
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 employee to use the facility and City-owned equipment during non-working status cease	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. These measures were implemented by July 12, 2019.	No Change. Employees are still not allowed to use the facility and City-owned equipment during non-working status. Audit Comment to Follow-up No further follow-up needed.
3 Inventory Process is Not In Place			
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.	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. 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.	Quarterly inventories have been conducted by each section as outlined in the original response. The inventories are kept on the G: drive so that the auditor can see them if desired. Audit Comment to Follow-up Examined the inventory documents generated by management, they are titled with each quarter for the four main divisions at the Corp Yard. The documents do not prove that any work was done to physically conduct the inventory count as stated in management's response to this exception. Additional follow-up will be conducted for this finding.
4 Technology Could Better Monitor City Equipment			
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 stripers 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. Investigation into systems and their costs is ongoing.	A cost effective method of tracking hand-held equipment has not been found yet. The use of cameras in trucks has been expanded to include additional plow trucks and more cameras on the herbicide trucks. Audit Comment to Follow-up No further follow-up needed.

5	Badging System Adjustments			
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 those areas required for employees' job functions only.	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. 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. We will continue to evaluate badge system capabilities as well as newer technologies to limit access on an as needed basis.	Funding for additional card readers was requested and approved in the FY 21 budget, however, like all items in the coming year's budget, these are on hold pending further analysis by Finance. Audit Comment to Follow-up No further follow-up needed.	
	In addition, we recommend system adjustments be made to preclude gate access to the Corp Yard for non-supervisory staff during non-working hours.	We will review all personnel response capabilities, and limit access to anyone who would not normally require response after hours. Measures will be implemented by November 2019. 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.	Quarterly reviews of personnel access requirements were conducted and verified current. Audit Comment to Follow-up Examined the memo <i>Personnel Physical Security Review</i> dated May 28, 2020 from the Public Works Assistant Director which states, in part "all M&O personnel require 24 hour access except the administrative personnel." Per inquiry with management, access was updated on July 16, 2020 for the work hours for the list of employees on the memo. No further follow-up needed.	
6	Key Control Improvements			
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.	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. 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.	All keys that could be found have been returned, and only those that are necessary are still being used. The processes previously implemented are still in place. The trial of electronic key technology was not implemented due to the vendor not actually providing the trial as previously stated. This item has not changed since it tied to getting card readers at the doors, and that financial issue is described above. Audit Comment to Follow-up No further follow-up needed.	
	In addition, we recommend management consider rekeying other areas where key distribution cannot currently be verified.	We are assessing the risk in other areas as well, and will rekey as necessary. As other areas are deemed high risk, those areas will be taken off the master key system. Audit Comment to Follow-up No further follow-up needed.	Not applicable. Item is closed.	
7	Video Surveillance Improvements			
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.	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. Once quotes are received, additional measures will be taken.	Funding for additional and improved video surveillance coverage was requested and approved in the FY21 budget, however, like all items in the coming year's budget, these are on hold pending further analysis by Finance. Audit Comment to Follow-up No further follow-up needed.	

8	<p>Perimeter Fencing Enhancements</p> <p>Perimeter fencing could be adjusted to bolster site security.</p>	<p>We recommend enhancements to the perimeter fencing of the Corp Yard be considered with special consideration to reinforce the southern, riverside perimeter of the property.</p>	<p>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. 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.</p>	<p>Funding for the west fence ended up getting pulled for other projects. It had been planned that funding may be available from the building department, but that funding had to be used for other priorities. Consequently, we are still working on finding funding in this fiscally constrained environment.</p> <p>Audit Comment to Follow-up No further follow-up needed.</p>
9	<p>Employee Parking Relocation</p> <p>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 the through the main door of the building.</p>	<p>We recommend management consider relocating employee parking to the front, northern lot of the Corp Yard.</p>	<p>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. We do not recommend taking this recommendation for the reasons stated above.</p>	<p>The status of this item is the same. We do not recommend acting on this item for the reasons previously stated.</p> <p>Audit Comment to Follow-up Management has accepted the risk of not implementing this audit recommendation. No further follow-up needed.</p>
10	<p>Employee Separation Process</p> <p>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.</p>	<p>We recommend the department implement an employee separation process for Corp Yard employees as detailed in the citywide policy.</p>	<p>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. The first version of this checklist will be complete by the end of October, 2019.</p>	<p>The employee check-in/check-out process has been updated, and includes documentation of anything that is issued to the employee, including keys. Key control continues to be centrally controlled by Facilities.</p> <p>Audit Comment to Follow-up Examined the blank form <i>Public Works Maintenance & Operations Division - Standard Operating Procedures - Staff Check out/Check in Process</i> with the effective date August 22, 2019 which includes a list of commonly checked-out items to M&O staff, including keys. Management has indicated it is in use. No further follow-up needed.</p>
11	<p>Citywide Policy Distribution</p> <p>Citywide policies are not timely distributed to Public Works employees at the Corp Yard.</p>	<p>We recommend citywide policies be timely distributed to Public Works employees at the Corp Yard.</p>	<p>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. These measures were taken by the end of September, 2019. 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.</p>	<p>The Public Works Director has continued to forward policies in a timely manner, and those have further been disseminated by subordinate PW leadership. While there is no end to this item, this is considered complete.</p> <p>Audit Comment to Follow-up No further follow-up needed.</p>

12	RPD Property Storage			
<p>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.</p>	<p>We recommend an alternative location for Reno Police Department-held vehicles be identified and used.</p>	<p>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. Once the electrical system and security system is in place, the vehicles will be moved in.</p>	<p>The facility on Sage Street was upgraded with electrical and security systems. Vehicles have been moving into this building as directed by RPD.</p> <p>Audit Comment to Follow-up No further follow-up needed.</p>	
13	Workout Room May Not Be Code Compliant			
<p>Observed a workout room on the mezzanine level of the Corp Yard's main building. Posted on the walls throughout the mezzanine level of the building is "FLOOR LOAD LIMIT 100 LBS PER SQ FT." The safety of employees using the workout room and those working in the shop below may be compromised if mezzanine usage is not compliant with building codes.</p>	<p>We recommend the workout room building documentation be examined to determine if it is compliant with building code standards and, if it does not meet building code standards, the usage of the area be altered to achieve compliance.</p>	<p>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. 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.</p>	<p>The permit was completed as discussed previously. This item is closed out.</p> <p>Audit Comment to Follow-up Examined Building Permit #BLC20-04813 with an inspection date of January 15, 2020 and "PASS" results for the space. The description of work states "REMODEL..BUILD WALLS W/ ELECTRICAL FOR WELLNESS CENTER." and is for 1640 E Commercial. No further follow-up needed.</p>	
14	Records Are Maintained in Excess			
<p>Observed eight large filing cabinets maintained on the mezzanine level of the Corp Yard's main building containing documents that exceeded record retention requirements.</p>	<p>We recommend stored documents that exceed the record retention requirements be disposed.</p>	<p>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. Because there is some verification necessary, this will be completed by the end of the year, December 31, 2019. Going forward, documents will be disposed of on a rolling basis when required by the record retention schedule(s).</p>	<p>All excess records have been destroyed. Additionally, the process for keeping record keeping maintained has been updated and implemented. This item is complete, and the process will continue to be kept up to date.</p> <p>Audit Comment to Follow-up Examined the <i>Public Works Maintenance & Operations Division - Operating Procedures - Records Retention Policy</i> with an effective date of November 15, 2019 and revision date January 24, 2020. No further follow-up needed.</p>	