

STAFF REPORT

Date: July 31, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion, and possible action regarding the 24-02 Fire Inspection Fees Audit Report.

From: Rob Miller, Staff Auditor

Department: City Manager's Office – Internal Audit

Summary:

Purpose of Audit – To assess the overall processes, outcomes, and fee suitability of the Fire Inspection program and to determine if it is operating consistently, efficiently, equitably, and in accordance with documented policies, procedures, and laws. We also evaluated the risk of fraud, waste, and abuse relative to the audit objectives.

The audit is to provide an independent, objective analysis of the internal control environment for Fire Inspection Fees, and to determine if departmental invoicing procedures are reasonable and in compliance with established policies and best practices. To achieve these objectives, Audit interviewed applicable City employees, reviewed departmental policies and procedures, sample-tested report metrics, and evaluated current procedures against best business practices.

This audit identified 13 findings; a finding is noted when Audit identifies an area of noncompliance with documented policies or best practices. Simply put, findings identify areas of risk. The 13 findings are categorized into four distinct sections: Program Objectives Achievement, Fee Collections, Software, and Expenditures. Of the 13 findings, 11 are directed at the Reno Fire Department (RFD), and two are directed at other departments for recommendations and management responses.

Audit Findings

Program Objectives Achievement

- Inspection Policy and Metrics
- Permit Issuance

Fee Collections

- Administrative Duties

- Non-Profit Fire Inspection Fee Assessment
- Non-Profit Workflow
- Governmental Agencies Inspection Fee Assessment
- Late Fees are Not Assessed
- Credit Card Processing

Software

- Invoice Processing
- Duplication of Efforts

Expenditures

- Invoice Authorization
- Authorized Signature Verification
- Records Retention

The audit procedures included reasonable care and professional skepticism required by industry standards. The resulting findings are based on the sufficient, reasonable, and appropriate evidence obtained during fieldwork.

Alignment with Strategic Plan:

Governance and Organizational Effectiveness

Fiscal Sustainability

Public Safety

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

The Financial Advisory Board (FAB) functions as the City's Audit Committee to provide expertise and a review of audit reports. The Board was provided the 24-02 Fire Inspection Fees Audit Report for their July 11, 2024, meeting for discussion, review, and approval.

Financial Implications:

There are no financial implications associated with this item.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council accept the audit report.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

24-02 Fire Inspection Fees Audit Report