

STAFF REPORT

Date: February 26, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Staff Report (For Possible Action): Acceptance of the audit follow-up regarding the 24-02 Fire Inspection Fees Audit issued July 31, 2024.

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 and included 2 findings from an External Audit; a finding is noted when Audit identifies an area of noncompliance with documented policies or best practices. Simply put, findings identify areas of risk.

Nine of the findings are either implemented/partially implemented or management has accepted the risks associated with the finding. Six of the findings will need additional follow-up in six months. The remaining audit exceptions relate to Fire Prevention Services fees and billing processes.

Alignment with Strategic Plan:

Public Safety

Governance and Organizational Effectiveness

Previous Council Action:

August 28, 2024 - The 24-02 Fire Inspection Fees Audit Report was provided to the Reno City Council.

Background:

International Standards for the Professional Practice of Internal Auditing Standards state, "Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:

- Inquiring about progress on the implementation.
- Performing follow-up assessments using a risk-based approach.
- Updating the status of management's actions in a tracking system.

The extent of these procedures must consider the significance of the finding (Standard 15.2)."

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

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 24-02 Fire Inspection Fees Audit Follow-Up Report.

Proposed Motion:

I move to accept the 24-02 Fire Inspection Fees Audit Follow-Up Report.

Attachments:

24-02 Fire Inspection Fees Audit Follow-Up Report