



# Audit Department

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Angela M. Darragh, CPA, CFE, CISA, Director

November 3, 2015

Mr. Don Burnette  
Clark County Manager  
500 South Grand Central Parkway, 6th Floor  
Las Vegas, Nevada 89106

Dear Mr. Burnette:

We recently completed a follow up of the Nevada Energy and Southwest Gas Utility Expenditure and Usage audit dated November 25, 2013. The objective of our audit was to determine whether adequate corrective action was taken on the findings included in the original audit report. The last day of fieldwork was August 19, 2015.

To accomplish our objective, we performed the following:

- Observed and obtained information on the Department of Real Property Management's meter exceptions reporting and review process.
- Reviewed recently implemented application user policies and user access lists for the energy management information system known as EMIS and for the Meter Request application.
- Obtained documentation for the review of service classifications for the public street lighting exceptions.
- Judgmentally selected a sample project, the Southwest Regional Sports Park, to determine whether Real Property Management's updated Design Guidance Documents were incorporated.
- Reviewed the scope of work summary, sizing analysis, and updated project modification information for the Regional Justice Center boiler addition project.
- Reviewed a variance report from the EMIS application and detailed reports for the Desert Breeze Aquatic Center.

As part of the audit procedures performed we determined that internal controls related to audit findings are sufficient. Our scope included the period January 1, 2015, through March 31, 2015.

We found that the Department of Real Property Management took adequate corrective action or is in the process of correcting all of the findings reported in the original audit. The exception report and review process appears to appropriately capture the necessary information to adequately ensure meters are being properly classified as faulty, temporarily out of service, or needing disconnection. Further, user access appeared appropriate for the EMIS and Meter Request applications.

The Department of Real Property Management coordinated with Public Works to review and correct service classifications for the 65 meters identified as potentially incorrectly classified in the original audit. Of the 65 meters, they found three were billed correctly, as the meters are combined with irrigation, one meter did not belong to the County (with estimated annual billing of \$28,399), and 61 were incorrectly billed at a higher rate classification (estimated savings of \$45,900 annually).

Corrective actions for the following findings are currently in process:

- Service classifications for public street lighting for ball fields
- Regional Justice Center boiler inefficiency
- Desert Breeze Aquatics Center gas usage
- EMIS and Meter Request Application Access Controls

The Southwest Regional Sports Park project we selected is slated to include an analysis of cost savings for utilizing separate meters, although the specifics of this have not yet been incorporated into contract language.

A planned project to add new boilers at the Regional Justice Center, in conjunction with Real Property Management's updated Design Guidance for energy-efficiency, will address the inefficiencies noted in the original audit for that location.

Although monitoring for identifying problems as they arise for the Desert Breeze Aquatics Center is now in place, gas usage has continued to rise. A Heating, Ventilating, and Air Conditioning Renovations contract is in place to address the underlying cause of the continually escalating gas usage and is expected to resolve this issue.

Finally, all user access was reviewed and updated by Real Property Management/Information Technology staff; however, password requirements were not implemented to be in compliance with Information Technology Directives. For these applications we recommend that password restrictions be enabled in EMIS and the Meter Request application be integrated with Active Directory.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

We appreciate the cooperation and assistance provided by the Department of Real Property Management and staff during the course of this follow up audit.

Sincerely,



Angela M. Darragh, CPA  
Audit Director

**REAL PROPERTY MANAGEMENT  
NEVADA ENERGY AND SOUTHWEST GAS UTILITY EXPENDITURE AND USAGE FOLLOW UP  
Findings, Recommendations and Corrective Action Status  
As of August 19, 2015**



**AUDIT DEPARTMENT  
Angela M. Darragh, CPA, CFE, CISA**

**Audit Director**

**Original Report Issuance Date: November 25, 2013**

Finding	Recommendation(s)	Corrective Action Status
<b>2. EMIS and Meter Request Application Access Controls (Low)</b>		
<p>EMIS and Meter Request User accounts are also not kept current based on employee positions and employment status; generic accounts are not approved/passwords are not in accordance with Clark County Information Technology directives.</p>	<p>Immediately remove access for withdrawn and transferred employees.</p> <p>Periodically request departments to confirm necessary authorized access.</p> <p>Deactivate the test user account.</p> <p>Obtain authorization for generic user accounts in accordance with County IT directives or remove those accounts.</p> <p>Disable third party user access and only reactivate when required.</p>	<p><b>In Progress.</b> All user access was reviewed and updated by RPM/IT staff and the updated user lists were provided to us; upon review all user access is appropriate. However, password requirements were not implemented to be in compliance with IT Directives, which is why we classified this finding as in progress. We recommend that password restrictions be enabled in EMIS and the Meter Request application be integrated with Active Directory to fully resolve this finding.</p>
<b>3. Combined Electric Meter Service (Low)</b>		
<p>We further found that public lighting electric meters may be connected to other services such as facility lighting or irrigation. When this occurs, public lighting electrical usage is charged at a higher general service rate than public lighting rates. The amount charged may be significantly more at general service rates.</p>	<p>Review public street lighting and residential meters exceptions for determining appropriateness of classification.</p> <p>Require that future parks be built with separate meters for lighting.</p>	<p><b>In Progress.</b> The Department of Real Property Management coordinated with Public Works to review and correct service classifications for the 65 meters identified as potentially incorrectly classified in the original audit. Of the 65 meters, they found 3 were billed correctly, as the meters are combined with irrigation, 1 meter did not belong to the County (with estimated annual billing of \$28,399), and 61 were incorrectly billed at a higher rate classification (estimated savings of \$45,900 annually).</p> <p>Design Guidance Documents were revised to reflect separate meters for ball field lighting, street lighting and facilities. The sample project we selected is slated to include a lighting analysis, although the specifics of this have not yet been incorporated into contract language, which is why we classified this finding as in progress.</p>
<b>4. Regional Justice Center Inefficient Natural Gas Usage Finding (Low)</b>		
<p>Inefficiencies in usage of natural gas are occurring at the Regional Justice Center (RJC). The primary reason for the inefficiencies is the</p>	<p>Reevaluate the Regional Justice Center boiler system to determine and implement the best options to increase efficiencies.</p>	<p><b>In Progress.</b> The planned project to add new boilers at the RJC, in conjunction with RPM's updated Design Guidance for energy-efficiencies,</p>

Finding	Recommendation(s)	Corrective Action Status
<p>design of the RJC's boiler system. The RJC has two large boilers that must heat all the water contained to service the building year round. The design of the heating and natural gas system did not include a design to incorporate lower load periods, severe conditions, or to segregate lower domestic usage. The RJC system also does not have a controller for intelligent load sharing between the boilers.</p>		<p>will address this finding. As of mid-August 2015, the contract in place is currently awaiting approval from the RJC Core Committee on the revised project budget.</p>
<p><b>5. Desert Breeze Aquatic Center Escalating Natural Gas Usage (Low)</b></p>		
<p>Inefficiencies in usage of natural gas are occurring at the Desert Breeze Aquatics Center. Real Property Maintenance is working with the vendor to determine the cause for problems experienced with the pool paks. It was discovered that when the pool system was shut down for maintenance, the pool pak programming controlled through a computer application changed causing the pool paks to be on a higher operating cycle than normal.</p>	<p>Monitor the larger users of natural gas on a consistent basis to assist in identifying problems as they arise.</p>	<p><b>In Progress.</b> Although monitoring for identifying problems as they arise for the Desert Breeze Aquatics Center is now in place, gas usage has continued to rise. A Heating, Ventilating, and Air Conditioning Renovations contract is in place to address the underlying cause of the continually escalating gas usage and is expected to resolve this issue.</p>
<p><b>1. New and Out of Service Meter Requests (Low)</b></p>		
<p>Out of service meters should be properly authorized through Meter Request in order to ensure that County meters are properly turned off.</p>	<p>Obtain exception reports from EMIS for meters that are no longer active and obtain proper authorization forms for updating status on Meter Request and EMIS or requesting necessary service for those meters that should not be out of service.</p>	<p><b>Resolved.</b> The exception report and review process that is done appears to appropriately capture the necessary information to adequately ensure meters are being properly classified as faulty, temporarily out of service, or needs to be disconnected.</p>