

CITY AUDITOR'S OFFICE



AUDIT OF DEPARTMENT OF HUMAN RESOURCES EMPLOYEE SEPARATION PROCESS

Report HR006-2526-02

December 17, 2025

EXECUTIVE SUMMARY

Why this Audit is Important

When an employee separates from employment with the city, it is important that proper procedures are followed due to operational, financial, legal, and security risks associated with this process. With this audit, we reviewed the process being followed by Human Resources and city departments and tested a sample of employee separations for compliance with the city's Separation Policy/Procedure (HR 3.13.01) and applicable Nevada Revised Statutes (NRS).

Key Audit Results

- We identified employee separation files with missing and incomplete required documentation and the need for improvements to the current *Separation Clearance Form* to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.
- We found that final payments to separated employees are being calculated correctly and that benefits are being terminated in a timely manner. We also found that final payments for appointive and classified employees are being made in accordance with the timelines stipulated in NRS.
- We identified instances in which hourly employees separating from city employment were not paid within the number of days required by NRS due to delays by departments notifying HR of the separation or delays in HR processing the separation.
- We found that the city's Innovation and Technology Department is appropriately terminating electronic badge access and active directory system access of separated employees. However, we identified that non-working hourly employees typically retain their assigned badge and system access creating a potential risk exposure for the city. This risk exposure needs to be evaluated and addressed.
- We identified three ex-employees whose procurement cards (p-cards) were still active due to p-card administration staff not being notified of employee separations and incomplete documented procedures on the return of p-cards to Finance upon an employee's separation. While their p-cards were still active, the cards had not been used after their separation from employment with the city.

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BACKGROUND

The city of Las Vegas has approximately 3,700 employees. City employees are identified within one of the following categories:

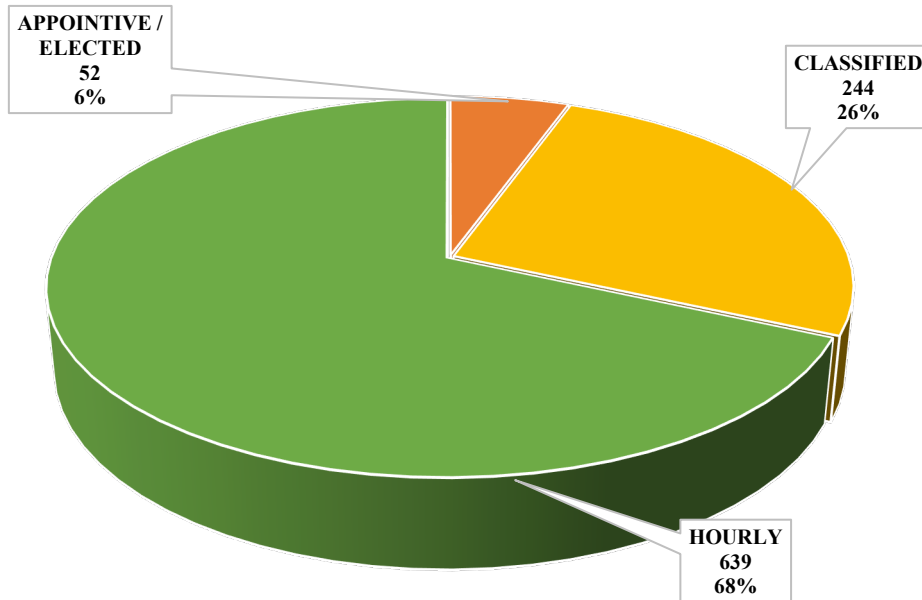
- Appointive (full and part-time)
 - Not covered by collective bargaining
 - Including executives
- Classified (full and part-time)
 - Covered by collective bargaining
- Hourly
 - Seasonal or intermittent positions
 - Limited to 1,560 hours in an 18-month period
- Elected
 - Elected by the public to hold office
 - Mayor, City Council, and Municipal Court Judges

The city's Human Resources Department (HR) oversees the employee separation process. An overview of this process is outlined below:

- HR is notified by an employee's department of their separation whether voluntary or involuntary.
- The department completes a *Separation Clearance Form* which is provided to HR. This form includes a checklist of procedures to be completed by department and HR staff.
- The department and/or HR collects the employee's access badges, keys, and other city property assigned to them.
- HR completes their processing out procedures in accordance with the city's Separation Policy/Procedure (HR 3.13.01) including completion of separation paperwork and exit interviews as appropriate.
- The employee separation is recorded into the city's enterprise resource planning software, Oracle, from which an email alert is sent to various city staff notifying them that the employee separation process is complete.
- Upon receipt of the email alert, Payroll initiates the final payment process, and the city's Innovation and Technology Department (IT) disables the employee's electronic badge access and system access (Windows Active Directory).

During calendar year 2024, there were a total of 935 employees who separated from employment with the city. See the number of separations by classification in the following chart:

2024 EMPLOYEE SEPARATIONS



AUDIT TEAM

Bryan L. Smith, CPA, CFE, City Auditor
Nancy Cardoza, Senior Internal Auditor

OBJECTIVES AND RESULTS

Our audit objectives and testing results were as follows:

1. *Determine whether HR and city departments are complying with the city's Separation Policy/Procedure (HR 3.13.01).*

We identified employee separation files with missing and incomplete required documentation and the need for improvements to the current *Separation Clearance Form* to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form. See **Finding #1**.

2. *Determine whether final payments are being made to employees separating from employment with the city in accordance with Nevada Revised Statutes and that benefits are being terminated appropriately.*

- We found that final payments to separated employees are being calculated correctly and that benefits are being terminated in a timely manner. We also found that final payments for appointive, elected, and classified employees are being made in accordance with the timelines stipulated in the Nevada Revised Statutes (NRS). However, we identified instances in which hourly employees separating from city employment were not paid within the number of days required by NRS due to delays by departments notifying HR of the separation or delays in HR processing the separation. See **Finding #2**.
3. *Determine whether electronic badge and system access are being appropriately terminated when an employee separates from employment with the city.*

We found that IT is appropriately terminating electronic badge access and active directory system access of separated employees. However, we identified that non-working hourly employees typically retain their assigned badge and system access creating a potential risk exposure for the city. This risk exposure needs to be evaluated and addressed. See **Finding #3**.

4. *Determine whether procurement cards assigned to employees are being properly deactivated upon their separation from employment with the city.*

We identified three ex-employees whose procurement cards (p-cards) were still active due to p-card administration staff not being notified of employee separations and incomplete documented procedures on the return of p-cards to Finance upon an employee's separation. While their p-cards were still active, the cards had not been used after their separation from employment with the city. See **Finding #4**.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives. Our testing included a judgmentally selected sample of 60 employees who separated from the city during calendar year 2024. This sample included 40 hourly employees and 20 appointive, classified, and elected employees.

Our audit methodology included:

- Interviews with city management and staff
- Review of applicable city policies/procedures and NRS sections
- Testing of compliance with the city's Separation Policy/Procedure (HR 3.13.01) and sections of NRS using:
 - Documents retained within employee personnel files
 - Employee benefits records
 - Payroll data within Oracle
 - Physical key assignment reports from the city's locksmith

- Review and testing of electronic badge access and active directory system access using IT reports.

The last fieldwork date of this audit was October 16, 2025.

FINDINGS AND RECOMMENDATIONS

1. Missing And Incomplete Separation Records

When an employee separates from the city, HR requires the respective city department to complete a *Separation Clearance Form* and submit it to HR along with other documentation such as the employee's final timecard. The *Separation Clearance Form* has sections including checklists that must be completed by both department and HR employees. Different *Separation Clearance Forms* are required for full-time and hourly employees.

We reviewed employee separation files for 60 employees who had separated from employment from the city during calendar year 2024 including 40 hourly employees and 20 appointive, classified, and elected employees. During our review, we noted inconsistencies in how departments and HR utilize the checklist boxes on the *Separation Clearance Form* due to a lack of clear instructions on how to record a response of yes, no, or not applicable. We also identified separation files with missing or incomplete required documentation. Below is a summary of the exceptions identified and the number of separation files in which each exception was found.

- Final timecard not signed by employee and/or department - 20
- Incomplete *Separation Clearance Form* - 9
- Missing *SiteMaster Report* (used to identify whether keys were issued to an employee) - 9
- Incorrect information on *Separation Clearance Form* on whether an employee had been issued a key and if so, whether it was returned - 8
- Missing *Final Paycheck Form* (required for all non-hourly employees to indicate how and where the final paycheck should be delivered) - 3
- Missing *Separation Clearance Form* - 1
- Missing final timecard - 1

Recommendations

- 1.1 Human Resources management should improve the *Separation Clearance Form* and the related instructions on its completion to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.
- 1.2 Human Resources management should consider creating a single *Separation Clearance Form* that can be used for all classifications of employees.

2. Late Final Payments

The Nevada Revised Statutes address how soon employees must be paid upon their resignation or upon an involuntary discharge as follows:

Resignation

Whenever an employee resigns or quits his or her employment, the wages and compensation earned and unpaid at the time of the employee's resignation or quitting must be paid no later than:

- 1. The day on which the employee would have regularly been paid the wages or compensation; or*
- 2. Seven days after the employee resigns or quits, whichever is earlier. (NRS 608.030)*

Involuntary Discharge

Whenever an employer discharges an employee, the wages and compensation earned and unpaid at the time of such discharge shall become due and payable immediately. (NRS 608.020)

Note: While payment is due “immediately”, NRS 608.040 states that penalties are only assessed if payment is not made within 3 days of discharge.

We reviewed the final payment records for our sample of 60 employees to determine whether final payments were accurately calculated and issued in accordance with these regulations. We found that all final payments were calculated correctly. In addition, final payments for all appointive, elected, and classified employees were made in accordance with NRS requirements. However, 9 of the 40 hourly employees tested did not receive their final payments within the required seven-day period.

These nine hourly employees had submitted resignation letters to their respective departments specifying their separation dates. Their final payments were issued between 8 and 16 days after their separation dates. These delays occurred because Payroll was not notified of the resignations in a timely manner, either due to delays by departments in notifying HR or delays by HR in processing the resignations. Pursuant to NRS 608.040, failure to comply with the requirements of NRS 608.030 could result in the city being required to compensate employees for each day payment is delayed beyond the statutory deadline, for up to 30 days.

The Separation Policy/Procedure (HR 3.13.01) does not identify how quickly a department must notify HR about an employee separation, whether voluntary or involuntary.

Recommendations

- 2.1 Human Resources management should formally remind departments of the need to process employee separations in a timely manner to comply with the final payment timelines outlined in NRS.

- 2.2 Human Resources management should update its Separation Policy/Procedure to emphasize the importance of departments notifying Human Resources in a timely manner about employee separations.

3. Badge And System Access Not Deactivated

The city hires a variety of hourly employees. Examples include employees for the city's Safekey program, community center staff, instructors, pool employees, and more. Many of these hourly employees are seasonal or used as needed and have extended periods when they are not working. Considering the number of hourly employees used by the city and the time involved in hiring these employees, they are typically retained as active employees during these periods when they are not working.

These hourly employees retain their electronic access badges and access to city systems when they are not working. While the access provided to city facilities and systems vary with these hourly employees, the access retained by certain employees when not working may expose the city to security and operational risks (theft, vandalism, data compromise).

The city's IT department oversees the administration of badge and system access. Badge and system access are currently only terminated by IT when they receive notification from Human Resources that an employee has separated from employment with the city. There is no process in place to temporarily deactivate the access of non-working hourly employees.

Recommendation

- 3.1 Human Resources management working with IT should evaluate what measures can be taken to reduce the risks associated with non-working hourly employees retaining their badge and system access. Potential options may include:
- Having departments evaluate the badge and system access of their non-working hourly employees and determine which employees should have their badge and/or system access temporarily deactivated.
 - Deactivating the badge and system access for all non-working hourly employees until such time that access is needed.

4. Procurement Cards Not Deactivated

Procurement cards (p-cards) are issued to select city employees for the purchase of authorized, city business-related items from non-contract suppliers and for travel. P-cards are issued and overseen by the Finance Department. We obtained a report of all active p-card holders as of May 2025 and compared it against a list of current employees. We identified three ex-employees with

active p-cards. While their p-cards were still active, the cards had not been used after their separation from employment with the city.

The Separation Policy/Procedure (HR 3.13.01) states the following:

Prior to the employee's processing-out appointment with Human Resources, the department human resources liaison is responsible for coordinating the return of any uniforms, documents, tools, business cards, phones, tablets, or other materials belonging to the city, and completing the appropriate sections of the Separation Clearance Form. City issued keys, access cards (ID badges), and any other remaining city property shall be returned to Human Resources during the processing-out appointment.

No mention is made specifically of the need for p-cards to be collected within this policy. In addition, the *Separation Clearance Form* does not specify that p-cards should be collected from an employee and returned to Finance prior to an employee's separation.

During our testing, we learned that Finance staff who oversee the city's p-card program had not been receiving the Oracle email alert notifying them of employee separations. We communicated this exception to Finance, and they are now receiving this email alert.

The city's Procurement Card Policy/Procedure (FN605) does not currently address the process to be followed when an employee with a p-card separates from employment with the city.

Recommendations

- 4.1 Human Resources management should update their Separation Policy/Procedure and *Separation Clearance Form* to include requirements that departments notify Finance about separating employees with p-cards and that those cards be returned to Finance prior to separation.
- 4.2 Finance management should update the Procurement Card Policy/Procedure to include instructions to be followed by employees with p-cards and their supervisors when separating from employment with the city to ensure the p-card is immediately deactivated.

MANAGEMENT RESPONSE

1. Missing And Incomplete Separation Records

- 1.1 Human Resources management should improve the *Separation Clearance Form* and the related instructions on its completion to provide for greater reliability, uniformity, and consistency of the information and documentation being provided by those completing the form.

Management Action Plan: Human Resources agrees with the recommendation to update and improve the Separation Clearance Form to provide for greater reliability, uniformity, and consistency, and will revise the form accordingly as part of the current policy and process review.

Estimated Date of Completion: March 1, 2026

- 1.2 Human Resources management should consider creating a single *Separation Clearance Form* that can be used for all classifications of employees.

Management Action Plan: Human Resources will work with the applicable departments to review and determine whether consolidating the part-time and full-time employee Separation Clearance Forms into a single form is practical and feasible. If yes, we will create a single form that can be used for all classifications of employees.

Estimated Date of Completion: March 1, 2026

2. Late Final Payments

- 2.1 Human Resources management should formally remind departments of the need to process employee separations in a timely manner to comply with the final payment timelines outlined in NRS.

Management Action Plan: Human Resources recognizes the importance of processing employee separations in a timely manner to ensure compliance with the final payment timelines outlined in the NRS. We are currently in the process of updating the Employee Separation Policy, and as part of that update, we will formally remind departments of the requirement to provide timely notice of employee separations.

Estimated Date of Completion: March 1, 2026

- 2.2 Human Resources management should update its Separation Policy/Procedure to emphasize the importance of departments notifying Human Resources in a timely manner about employee separations.

Management Action Plan: Human Resources agrees that the Separation Policy should be updated to emphasize the importance of timely departmental notification of employee separations. However, we will need to work collaboratively with departments – particularly those with hourly employees – to develop an approach that accommodates their operational needs. Certain departments, such as YDSI and PRCA, employ valued and dedicated year-round hourly staff who may have periods without scheduled work but are expected to return; therefore, the policy will need to account for these circumstances.

Estimated Date of Completion: March 1, 2026

3. Badge And System Access Not Deactivated

- 3.1 Human Resources management working with IT should evaluate what measures can be taken to reduce the risks associated with non-working hourly employees retaining their badge and system access. Potential options may include:
- Having departments evaluate the badge and system access of their non-working hourly employees and determine which employees should have their badge and/or system access temporarily deactivated.
 - Deactivating the badge and system access for all non-working hourly employees until such time that access is needed.

Management Action Plan: Human Resources agrees with the recommendation and will work with IT to evaluate and adopt measures to reduce risks associated with non-working hourly employees retaining their badge and system access.

Estimated Date of Completion: March 1, 2026

4. Procurement Cards Not Deactivated

- 4.1 Human Resources management should update their Separation Policy/Procedure and *Separation Clearance Form* to include requirements that departments notify Finance about separating employees with p-cards and that those cards be returned to Finance prior to separation.

Management Action Plan: Human Resources agrees with the recommendation. As part of the separation process updates, HR will include P-cards in the revised Separation Clearance Form to ensure departments formally confirm the return of any issued P-cards. In addition, the Finance P-card team has been added to the Oracle separation alerts so they are automatically notified when an employee separates.

Estimated Date of Completion: March 1, 2026

- 4.2 Finance management should update the Procurement Card Policy/Procedure to include instructions to be followed by employees with p-cards and their supervisors when separating from employment with the city to ensure the p-card is immediately deactivated.

Management Action Plan: Finance will update the p-card policy with instructions for employees and their supervisors when an employee with a p-card leaves employment with the city.

Estimated Date of Completion: April 30, 2026