

CITY OF LAS VEGAS AUDIT OVERSIGHT COMMITTEE
City Hall, 400 Stewart Avenue
Las Vegas, Nevada 89101
City Clerks Conference Room, First Floor
City of Las Vegas Internet Address: <http://www.lasvegasnevada.gov>

AGENDA

April 24, 2008
10:30 AM

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE. UNLESS OTHERWISE STATED, ITEMS MAY BE TAKEN OUT OF THE ORDER PRESENTED AT THE DISCRETION OF THE CHAIRPERSON.

DUPLICATE AUDIO CDS MAY BE AVAILABLE AT A COST OF \$5.00 PER CD THROUGH THE CITY CLERK'S OFFICE.

1. CALL TO ORDER
2. ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
3. Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of March 27, 2008
4. General Report by the City Auditor
5. Discussion and possible action on the Audit of Metropolitan Police - Funding
6. Discussion and possible action on FY 2009 City Auditor's Office Budget
7. Discussion and possible action on a request from the Director of Finance and Business Services to perform a review of Parking Ticket Collections
8. Discussion and possible action on the Annual Audit Recommendation Follow-up as of June 30, 2007 (2600-0708-04)
9. Discussion and possible action on Audit of Fire and Rescue: Fire Investigations - Bomb Squad (1301-0708-05)
10. Discussion and possible action on Durango Hills Community Center Contract Compliance Audit (1602-0708-06)
11. CITIZENS PARTICIPATION: Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come to the podium and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited

12. ADJOURNMENT

Facilities are provided throughout City Hall for the convenience of disabled persons. Special equipment for the hearing impaired is available for use at meetings. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge
Bulletin Board, City Hall Plaza (next door to Metro Records)
Las Vegas Library, 833 Las Vegas Boulevard North
Clark County Government Center, 500 S. Grand Central Parkway
Grant Sawyer Building, 555 E. Washington Avenue

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:
CALL TO ORDER



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:
ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:

Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of March 27, 2008



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

General Report by the City Auditor

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

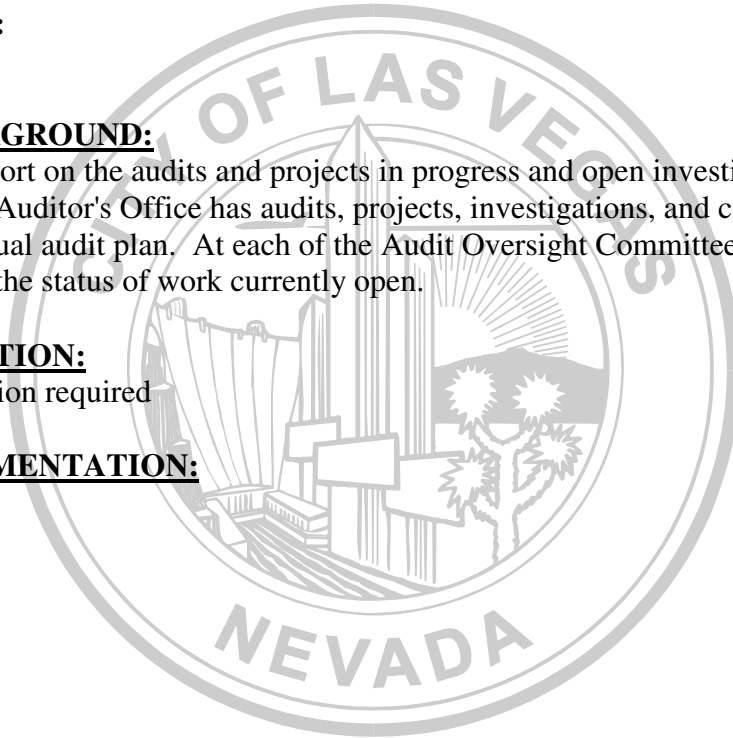
To give a status report on the audits and projects in progress and open investigations and control reviews. The City Auditor's Office has audits, projects, investigations, and control reviews as assigned in the annual audit plan. At each of the Audit Oversight Committee Meetings the City Auditor reports on the status of work currently open.

RECOMMENDATION:

Report only; no action required

BACKUP DOCUMENTATION:

None



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on the Audit of Metropolitan Police - Funding

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

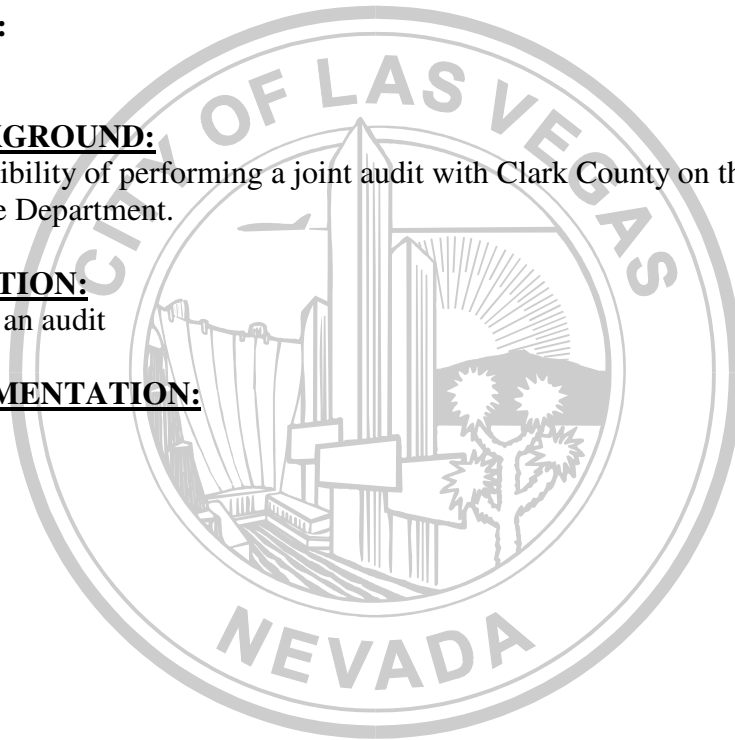
To discuss the possibility of performing a joint audit with Clark County on the funding of the Metropolitan Police Department.

RECOMMENDATION:

Continue to pursue an audit

BACKUP DOCUMENTATION:

None



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on FY 2009 City Auditor's Office Budget

Fiscal Impact

No Impact Augmentation Required
 Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

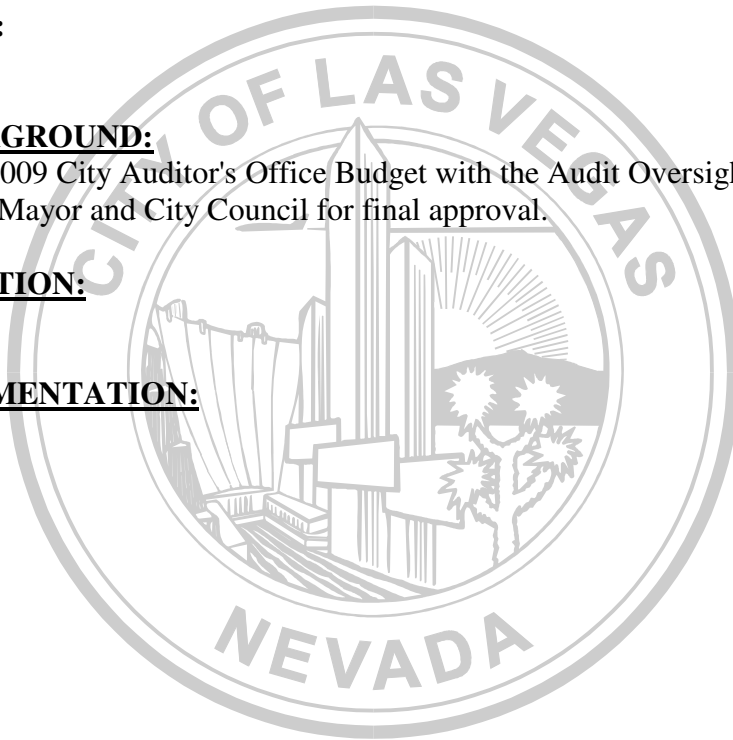
To review the FY 2009 City Auditor's Office Budget with the Audit Oversight Committee before presenting it to the Mayor and City Council for final approval.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on a report from the Director of Finance and Business Services on the outstanding parking ticket balance

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

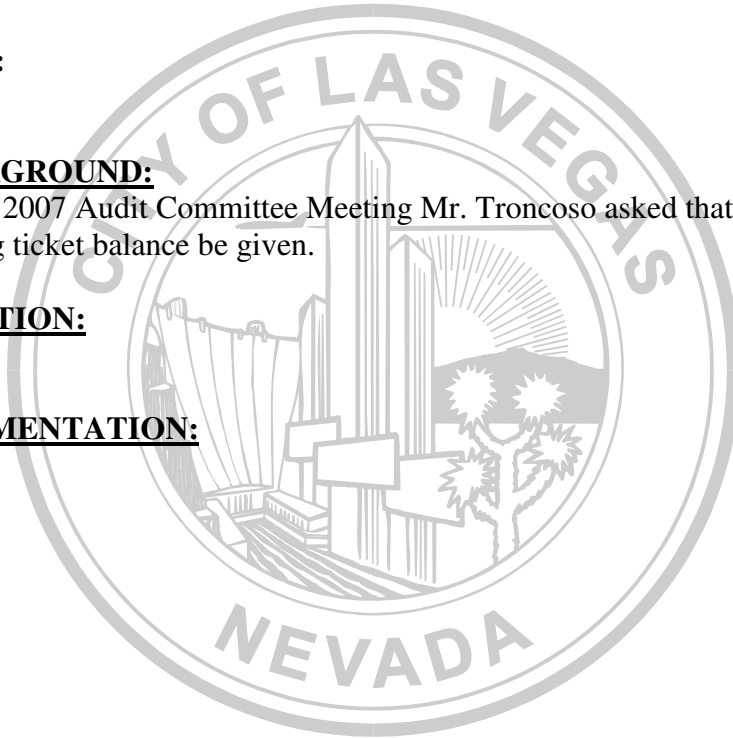
In the December 6, 2007 Audit Committee Meeting Mr. Troncoso asked that a report on the outstanding parking ticket balance be given.

RECOMMENDATION:

Accept report

BACKUP DOCUMENTATION:

None



AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on the Annual Audit Recommendation Follow-up as of June 30, 2007 (2600-0708-04)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Annual Audit Recommendation Follow-up as of June 30, 2007 (2600-0708-04)



**CITY AUDITOR'S OFFICE
AS OF JUNE 30, 2007**



Report No. CAO 2600-0708-04

November 29, 2007

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

	<i>Page</i>
BACKGROUND	1
OBJECTIVE	1
SCOPE AND METHODOLOGY	1
CONCLUSION	1
1,004 RECOMMENDATIONS (CHART/TABLE)	2
13 INCOMPLETE RECOMMENDATIONS SUMMARY	3
949 COMPLETE RECOMMENDATIONS (TABLE BY DEPARTMENT)	4
DEPARTMENTAL AUDIT RECOMMENDATION FOLLOW-UP INDEX	5-9
DEPARTMENTAL AUDIT RECOMMENDATION FOLLOW-UP DETAIL	10
Building and Safety	11
Detention and Enforcement	12-13
Field Operations	14-16
Finance and Business Services	17-27
Information Technologies	28-32
Leisure Services	33-39
Municipal Court	40-42
Office of Communications	43-51

BACKGROUND





The City Auditor's Office has provided 1,004 audit recommendations requiring corrective action to City Departments since January 1, 1999. This report summarizes the status of these audit recommendations as of June 30, 2007.

OBJECTIVES

The objective of our follow-up program is to ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. City management is responsible for addressing audit recommendations. This follow-up is a process to help management fulfill this responsibility.

SCOPE AND METHODOLOGY

Our follow-up program is in accordance with Operating Instruction A. 050 of the City Auditor's Office Operating Instruction Manual. The status of each audit recommendation is identified using the following classifications:

	Complete	The recommendation has been implemented or some other action has been taken to effectively correct the deficiency.
	Incomplete	The recommendation has not been implemented.
	Extended	The recommendation has not been implemented due to circumstances beyond the department's control.
	Not Due	Due date is after June 30, 2007.

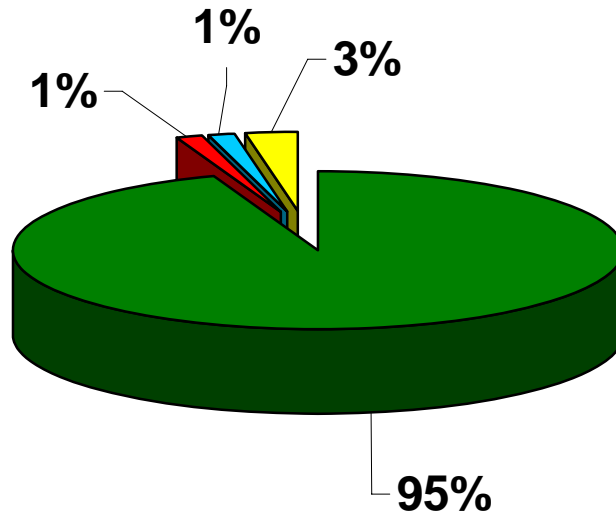
For each audit recommendation, City management provides an estimated completion date. An audit recommendation is classified as being Not Due until this date has passed and then the audit recommendation becomes Incomplete or Extended. An audit recommendation remains in one of these classifications until City management completes the recommendation and notifies our Office. Subsequently, audit staff obtain and evaluate evidence supporting management's representation. If the evidence demonstrates that the recommendation has been adequately addressed, the auditor identifies the recommendation as being Complete.

CONCLUSION

The accompanying charts/tables (pages 2 to 4) summarize the status of the audit recommendations in total and by department. Following the charts, each audit recommendation is classified as Incomplete, Extended, or Not Due and listed by department. The Management Action Plan response was obtained from the original audit report.

While city management has made progress toward the implementation of the audit recommendations contained in the various reports, additional efforts should be made in finalizing incomplete recommendations.

1,004 Recommendations January 1999 – June 2007



	Complete	Incomplete	Extended	Not Due	Total
Fiscal Year	949	13	15	27	1,004
2006-2007	26	8	1	27	62
2005-2006	67	0	4	0	71
2004-2005	69	3	2	0	74
2003-2004	39	0	0	0	39
2002-2003	87	1	0	0	88
2001-2002	155	0	3	0	158
2000-2001	112	1	0	0	113
1999-2000	394	0	5	0	399

13 Incomplete

Recommendations Summary

Fiscal Year

DEPARTMENT	2000-2001	2002-2003	2004-2005	2006-2007	TOTAL
Field Operations	---	--	3	--	3
Finance & Business Services	1	1	--	--	2
Leisure Services	--	--	--	8	8
TOTAL	1	1	3	8	13

949 Complete Recommendations Summary

Fiscal Year

DEPARTMENT	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	TOTAL
AFI	--	--	11	--	--	--	--	--	11
Building & Safety	54	1	--	--	--	--	--	7	62
City Attorney	--	--	--	--	1	--	--	--	1
City Manager	14	8	1	5	6	9	--	--	43
Detention & Enforcement	2	6	6	--	--	--	12	1	27
Field Operations	3	--	22	25	--	21	5	--	76
Finance & Business Services	43	30	43	25	2	5	3	2	153
Fire & Rescue	30	--	--	--	--	--	--	--	30
Human Resources	41	32	--	26	2	2	--	--	103
Information Technologies	83	--	37	--	--	4	--	2	126
Leisure Services	87	2	24	6	--	27	44	5	195
Municipal Court	29	10	--	--	--	--	3	1	43
Neighborhood Services	--	--	--	--	4	--	--	8	12
Office of Business Development	--	--	--	--	21	--	--	--	21
Planning & Development	8	--	--	--	3	--	--	--	11
Public Works	--	23	11	--	--	1	--	--	35
TOTAL	394	112	155	87	39	69	67	26	949

DETAIL STATUS

Status Page

Building and Safety

Review of Building and Safety Department Express Inspections

<u>1</u>	752 0607 07	5.	Monthly Performance Report	Extended	11
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Detention and Enforcement

Audit of Detention and Enforcement Training Unit

<u>2</u>	1401 0506 06	1.	Training Database Limitations	Extended	12
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<u>3</u>	1401 0506 06	2.	Training Database Differences	Extended	13
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Field Operations

Audit of Durango Hills Golf Course Management Contract

<u>4</u>	1701 0405 05	05.	2. Sales Tax Collection and Remittance	Incomplete	14
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<u>5</u>	1701 0405 05	06.	1. Sales Tax For Purchases	Incomplete	14
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<u>6</u>	1701 0405 05	07.	1. Property Tax	Incomplete	15
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Audit of City Vehicle Replacement Program

<u>7</u>	1702 0506 02	02.	1. Projected Vehicle Useful Lives	Extended	15
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<u>8</u>	1702 0506 02	02.	2. Projected Vehicle Useful Lives	Extended	16
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Finance and Business Services

Audit of Parking Enforcement and Collections

<u>9</u>	1401 0001 02	01.	1. Delinquent Parking Citation Collections	Incomplete	17
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Audit of Wastewater Pollution Control Facility and Sewer Services

<u>10</u>	1501 0102 02	B. 02.	1. Sewer Fee Billings	Extended	17
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DETAIL STATUS

Status Page

Finance and Business Services

Audit of Wastewater Pollution Control Facility and Sewer Services

11 **1501 0102 02** B. 04. 1. Performance Reports Extended 18

12 **1501 0102 02** B. 04. 2. Performance Reports Extended 19

Audit of Special Improvement District Administration

13 **602 0203 04** 06. 1. Fee Waivers Incomplete 19

Audit of Controls Over City Utility Payments And Costs

14 **2001 0405 03** 03. 1. Allocation of Utility Costs Extended 20

Audit of Financial Services Grant Fiscal Administration

15 **601 0607 06** 1. Allocation of Indirect Costs for Federal Grants Not Due 21

Audit of City Procurement Card Program

16 **2001 0607 09** 1. Desk Procedures Not Due 21

17 **2001 0607 09** 2. P-Card Transaction Analysis Not Due 22

18 **2001 0607 09** 3. Prohibited P-Card Purchases Not Due 23

19 **2001 0607 09** 4. P-Card Strike Program Not Due 24

20 **2001 0607 09** 5. Approver Training Not Due 25

21 **2001 0607 09** 6. Identification of Contracting Opportunities Not Due 25

22 **2001 0607 09** 7. Card Activity Evaluation Not Due 26

DETAIL STATUS

Status Page

Finance and Business Services

Audit of City Procurement Card Program

23 **2001 0607 09** 8. Management Reporting Not Due 26

24 **2001 0607 09** 9. Transaction Categories and Descriptions Not Due 27

Information Technologies

Audit of Controls Over City Utility Payments And Costs

25 **2001 0405 03** 01. 2. Utility Usage Monitoring Extended 28

Audit of City Cell Phone Charges

26 **2005 0607 10** 1. a. Inventory Assignment and Accountability Not Due 28

27 **2005 0607 10** 1. c. Inventory Assignment and Accountability Not Due 29

28 **2005 0607 10** 2. 1. Business or Personal Call Accountability Not Due 29

29 **2005 0607 10** 2. 2. Business or Personal Call Accountability Not Due 30

30 **2005 0607 10** 3. Cell Phone Plans Not Due 30

31 **2005 0607 10** 4. 1. Cell Phone Usage Not Due 31

32 **2005 0607 10** 4. 2. Cell Phone Usage Not Due 32

Audit of Citywide Long Distance Telephone Calls

33 **2006 0607 11** 1. Accountability Not Due 32

Leisure Services

Safekey Cash Counts

34 **2200 0607 04** 1. Cash Handling Practices Incomplete 33

DETAIL STATUS

Status Page

Leisure Services

Safekey Cash Counts

<u>35</u>	2200 0607 04	2.	Safekey Signage	Incomplete	34
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Audit of Safekey Payment Collection Controls

<u>36</u>	1601 0607 05	1.	Program Fee Policies	Incomplete	35
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<u>37</u>	1601 0607 05	2.	Payment Collection Oversight	Incomplete	36
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<u>38</u>	1601 0607 05	3.	Sign-In Procedures	Incomplete	37
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<u>39</u>	1601 0607 05	4.	Unpaid Balance Collections	Incomplete	38
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<u>40</u>	1601 0607 05	5.	Safekey Records	Incomplete	38
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<u>41</u>	1601 0607 05	6.	Payment Processing Using Computers	Incomplete	39
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Municipal Court

Las Vegas Municipal Court

<u>42</u>	1999 07	B. 03.	i.	Correspondence With Defendants	Extended	40
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<u>43</u>	1999 07	B. 03.	ii.	Correspondence With Defendants	Extended	40
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<u>44</u>	1999 07	C. 02.	iii.	User Passwords For Court System	Extended	41
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<u>45</u>	1999 07	C. 04.	ii.	Limits On Cash In Drawers	Extended	41
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<u>46</u>	1999 07	D. 02.		Bail Register Report Errors	Extended	42
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DETAIL STATUS

Status Page

Office of Communications

Audit of Video Services

<u>47</u>	201 0607 12	1.	Compliance with Outside Programming Requirements	Not Due	43
<u>48</u>	201 0607 12	2.	Programming Retention	Not Due	44
<u>49</u>	201 0607 12	3.	Operational Measurements	Not Due	45
<u>50</u>	201 0607 12	4.	Equipment Tracking	Not Due	46
<u>51</u>	201 0607 12	5.	Surplus Equipment	Not Due	47
<u>52</u>	201 0607 12	6.	System Backup	Not Due	48
<u>53</u>	201 0607 12	7.	Technical Support Contingency Plan	Not Due	49
<u>54</u>	201 0607 12	8.	Web Surveys	Not Due	50
<u>55</u>	201 0607 12	9.	Standard Operating Procedures	Not Due	50-51

DETAIL:

**DEPARTMENTAL AUDIT
RECOMMENDATION FOLLOW-UP**

Building and Safety

Due Date : 11/15/2006

Extended

- 1** 752 0607 07 Review of Building and Safety Department Express Inspections
5. Monthly Performance Report

Recommendation:

Building and Safety management should develop a more accurate method of calculating monthly performance data.

Management Action Plan (November 9, 2006):

Daily reports are sent to Finance and the Cashier Supervisor. Daily Reports are kept until quarterly audits by a supervisor and periodic audits by the City Auditor.

**Estimated Date of Completion:
November 15, 2006**

Auditor: N. Beaty

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Detention and Enforcement

Due Date : 12/31/2006

Extended

- 2 1401 0506 06 Audit of Detention and Enforcement Training Unit
1. Training Database Limitations

Recommendation:

D&E management working with Training should evaluate alternative training software packages that will better meet the needs of Training and the entire Department. D&E management should purchase and implement new training software. The training software package should include, at a minimum, the following functions:

- Functions that allow for efficient, consistent, and accurate data entry of training attended.
- Decision making functions to allow for automatic evaluation of the training status of employees against D&E policies, and P.O.S.T., ACA, and CALEA standards.
- Read-only access and report generation capabilities by other D&E units for independent verification of the accuracy of their training records.
- Reporting functions that effectively summarize the training status of employees.
- Audit trail features to track changes to the system.

Management Action Plan (June 27, 2006):

Management and training have evaluated alternative training software packages. We are in the process of selecting a package with input from City Information Technologies. Once the software has been purchased, implementation will include training and configuration.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Detention and Enforcement

Due Date : 12/31/2006

Extended

- 3 1401 0506 06 Audit of Detention and Enforcement Training Unit
2. Training Database Differences

Recommendation:

Training should develop, document, and implement a standard protocol for data input into the training database. This protocol should include, at a minimum, the following:

- Standard course titles for classes attended by employees.
- Standards for identification of date of training when a training course is held over a period of days.
- Standards for documentation of authorized firearms.
- Standards for documentation of firearm qualifications, whether an officer passed or failed, and remedial training.
- Standards for entry of new employees into the database.

Management Action Plan (June 27, 2006):

A standard protocol for data entry has been developed and is a component of the specifications identified for the software evaluation. Once the software has been selected and purchased, implementation will include training and configuration.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Field Operations

Due Date : 9/30/2005

Incomplete

- 4 1701 0405 05 Audit of Durango Hills Golf Course Management Contract
05. 2. Sales Tax Collection and Remittance

Recommendation:

If the Contractor fails to obtain a refund from the Department of Taxation, the Project Manager should require the Contractor to reimburse the City for the sales tax overpayments.

Management Action Plan (April 14, 2005):

The City will provide assistance to the Contractor to obtain a refund of the sales tax. If such efforts are unproductive, the City will issue a claim against the Contractor as recommended.

Auditor: W. Cimo

Field Operations

Due Date : 3/31/2006

Incomplete

- 5 1701 0405 05 Audit of Durango Hills Golf Course Management Contract
06. 1. Sales Tax For Purchases

Recommendation:

The Project Manager should consult with the City Attorney's Office to determine whether DHGC can take advantage of the City's tax exemption status. If DHGC is unable to take advantage of the City's tax exemption status, the Project Manager should evaluate the tax implications of outsourcing the golf course operation and consider other possible alternatives to minimize DHGC's operating costs.

Management Action Plan (April 14, 2005):

Given the procedure what has been in place, we take some exception to the findings in that the Project Manager did not see invoices which would have shown sales tax being paid. The Project Manager will meet with the City Attorney's Office and the Purchasing Division to determine how purchases at the DHGC should be made to take advantage of the City's tax exempt status and to minimize operating costs.

Auditor: W. Cimo

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Field Operations

Due Date: 6/30/2005

Incomplete

- 6 1701 0405 05 Audit of Durango Hills Golf Course Management Contract
07. 1. Property Tax

Recommendation:

The Project Manager should seek formal resolution from the City Attorney's Office as to whether the current outsourcing arrangement for DHGC qualifies for tax exemption.

Management Action Plan (April 14, 2005):

The Project Manager should certainly be involved, however, a directive for formal resolution from the City Attorney's Office would be more appropriately made from the City Manager's Office.

Auditor: W. Cimo

Field Operations

Due Date : 6/1/2006

Extended

- 7 1702 0506 02 Audit of City Vehicle Replacement Program
02. 1. Projected Vehicle Useful Lives

Recommendation:

The Fleet Services Manager should assign each vehicle's projected useful life based on the history of the vehicle being replaced and the projected annual usage.

Management Action Plan (October 12, 2005):

Fleet Management and Finance will establish criteria for the assignment of useful life. At a minimum, the process will address historical trending, projected use, and governmental accounting guidelines.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Field Operations

Due Date : 1/3/2006

Extended

- 8 1702 0506 02 Audit of City Vehicle Replacement Program
02. 2. Projected Vehicle Useful Lives

Recommendation:

The Fleet Services Manager should consider rotating low-use and high-use vehicles among staff/departments to balance and optimize the use of all vehicles in the fleet.

Management Action Plan (October 12, 2005):

Dovetails with item 2.1 above. A fleet specific software program will make this a doable task in a timely fashion. The Vehicle Advisory Committee (more fully discussed in recommendation 3.1 below) would be charged with making recommendations to allocate the City's vehicular fleet, that is not assigned to specific individuals, to maximize their usefulness. This committee should have the authority to direct changes to the fleet configuration where resistance is encountered and, quite frankly, expected.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date 2/1/2001

Incomplete

- 9 1401 0001 02 Audit of Parking Enforcement and Collections
01. 1. Delinquent Parking Citation Collections

Recommendation:

We recommend that the Parking Collections Unit establish a formal delinquent parking fines and penalties collection program including the use of an automated case tracking system. City management should evaluate the internal resources necessary to operate a successful collections program and consider soliciting the services of a collection agency to further enhance their efforts.

Management Action Plan (October 6, 2000):

Agree with the above recommendations. An additional collections officer has been budgeted for fiscal year 2001 and employment began on August 17, 2000. Furthermore, the City is also soliciting bids from collection agencies in connection with EMS bad debts. The EMS RFP will serve as a reference for another RFP that will consolidate various other departments that need collection services—which would include parking collections. Finance will work with IT on the use of an automated case tracking system. An investigation of commercial-off-the-shelf and in-house solutions will be conducted.

Auditor: B. Smith

Finance and Business Services

Due Date : 10/1/2001

Extended

- 10 1501 0102 02 Audit of Wastewater Pollution Control Facility and Sewer Services
B. 02. 1. Sewer Fee Billings

Recommendation:

Sewer Services management should change the sewer services billing to a quarterly billing cycle and adjust the penalty policies to align with this change.

Management Action Plan (August 8, 2001):

The Business Services Division (BSD) is recommending a proposed Municipal Code change to a quarterly billing cycle where the penalty fee would be assessed on the outstanding balance for the quarter rather than the unpaid balance of the bill. These code changes are projected for implementation around October 2001.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2002

Extended

- 11 1501 0102 02 Audit of Wastewater Pollution Control Facility and Sewer Services**
B. 04. 1. Performance Reports

Recommendation:

Sewer Services should create a monthly performance report with additional performance data needed by upper management.

Management Action Plan (August 8, 2001):

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services **Due Date : 12/31/2002** **Extended**
12 **1501 0102 02** **Audit of Wastewater Pollution Control Facility and Sewer Services**
B. 04. 2. Performance Reports

Recommendation:

For information that is not easily accessible from the sewer service system, Sewer Services should work with Information Technologies to access this data.

Management Action Plan (August 8, 2001):

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

Auditor: B. Smith

Finance and Business Services **Due Date : 12/31/2003** **Incomplete**
13 **602 0203 04** **Audit of Special Improvement District Administration**
06. 1. Fee Waivers

Recommendation:

The City Treasurer's Office should develop written SID policies and procedures addressing fee waivers. The policies and procedures should address SID fee waiver authority, supporting waiver documentation requirements, and handling of waivers with related parties.

Management Action Plan (April 11, 2003):

We concur.

Timetable: We expect to have the policies and procedures complete by September 30, 2003

Auditor: W. Cimo

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 10/4/2005

Extended

- 14 2001 0405 03 Audit of Controls Over City Utility Payments And Costs
03. 1. Allocation of Utility Costs

Recommendation:

In conjunction with the development of a utility usage monitoring program, the Department of Finance should develop and implement a more extensive utility cost allocation program.

Management Action Plan (April 4, 2005):

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 7/1/2008

Not Due

- 15 601 0607 06 Audit of Financial Services Grant Fiscal Administration
1. Allocation of Indirect Costs for Federal Grants

Recommendation:

City Management should review the benefits and costs identified in this audit for an indirect cost allocation plan for Federal Grant Awards and evaluate whether such a plan would be beneficial to the City.

Management Action Plan (October 18, 2006):

Financial Services Division will evaluate cost allocation methodologies and goals to develop a comprehensive cost allocation strategy.

Estimated Date of Completion:
Implementation in fiscal year 2008

Auditor: N. Beaty

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 16 2001 0607 09 Audit of City Procurement Card Program
1. Desk Procedures

Recommendation:

Finance should create documented desk procedures for all positions involved in the administration, processing, and monitoring of P-Card transactions. The division of responsibilities between Purchasing and Accounting should be clearly defined within these procedures.

Management Action Plan (April 11, 2007):

Purchasing and Accounting will create desk procedures for all positions involved in the Pcard program.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 17 2001 0607 09 Audit of City Procurement Card Program
2. P-Card Transaction Analysis

Recommendation:

Finance should evaluate what additional routine data analysis could be performed to improve the monitoring of P-Card transactions. An evaluation should be made of data mining and analysis tools that could be used.

Finance should document its objectives, methodology, and procedures to be followed by the P-Card Program Administrator and/or Accounting in monitoring the performance of the P-Card program. Responsibilities and the timing for completing this monitoring should be clearly defined and documented. The following are examples of areas that could be monitored on a regular basis:

- Transactions of unusual amounts or relationships
- Questionable vendors identified by name or by MCCs (standard codes that the credit card industry maintains to categorize merchants)
- Weekend and holiday purchases
- Evidence of split transactions
- Year-end spending

Management Action Plan (April 11, 2007):

Purchasing and Accounting will identify reports and create desk procedures that will aid in the evaluation of Pcard transactions. The timing and frequency of this analysis will be outlined in the documents.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 18 2001 0607 09 Audit of City Procurement Card Program
3. Prohibited P-Card Purchases

Recommendation:

Finance should improve controls over prohibited P-Card transactions as follows:

- Finance should evaluate the adequacy of the current listing of prohibited transactions.
- Finance should implement procedures and assign responsibility for identification and reporting of identified prohibited transactions. Cardholders should be made aware of violations.
- Measures should be taken to make identification of items covered under purchase agreements more easily identifiable for cardholders, approvers, reconcilers, and those given responsibility for identification of prohibited transactions.
- Finance should formally request that any additional goods/services specifically restricted for purchase with a P-Card by other departments be communicated to them.
- Finance should evaluate the feasibility of implementing a process by which blanket or contract purchase agreement contracted amounts could be decremented for eligible P-Card transactions.

Management Action Plan (April 11, 2007):

Finance will improve controls over prohibited P-Card transactions through:

- Review of the current list of prohibited transactions and evaluation of any additional policies and procedures used by City departments.
- Formalizing the process for the identification and reporting of prohibited P-Card transactions. After notification of a violation, the Approver will be required to submit a corrective action to Finance within an established timeframe.
- Updating desk procedures to include reporting schedule requirements analysis criteria. Procedures will identify timelines for notification and reporting of prohibited transactions.

The software functionality to decrement from a PO is not currently available. Finance will continue to evaluate options for possible enhancements to the application which may be made available in the future.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date: 12/31/2007

Not Due

- 19 2001 0607 09 Audit of City Procurement Card Program
4. P-Card Strike Program

Recommendation:

Finance should re-evaluate the effectiveness of the current P-Card strike program and address the identified deficiencies:

- The details on how the strike program is administered should be more clearly documented.
- The definition of a strike should be clearly defined and documented.
- A cumulative summary of strikes should be maintained.
- Strikes should be more clearly identified on the strike monitoring spreadsheet.
- Correspondence regarding strikes should be better documented and tracked.
- The P-Card Program Administrator's role in the strike program should be defined and documented.
- Justifications for a cardholder maintaining their P-Card after repeated violations of policy/procedure should be documented.
- The steps that must be taken prior to revoking an employee's P-Card and responsibility for carrying out these steps should be clearly defined and documented.

Management Action Plan (April 11, 2007):

Purchasing and Accounting will collaborate on an evaluation of the current strike program for clarity and consistency. The definition of a strike, when and how a strike will be issued, revocation of a P-Card, and an improved method of strike tracking will be developed and documented.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 20 2001 0607 09 Audit of City Procurement Card Program
5. Approver Training

Recommendation:

Finance should develop and implement a required training program for P-Card approvers. This program should include periodic refresher courses as deemed appropriate. Finance should also develop a document for P-Card approvers that provides guidance for reviewing P-Card transactions and common “red flags” of fraudulent, improper, and abusive transactions.

Management Action Plan (April 11, 2007):

Finance has partnered with Internal Audit to implement a training program with extensive training materials. This item has been completed for all existing P-Card program participants and is in place to train all future P-Card program participants. We will continually evaluate the adequacy of the training materials provided to Approvers.

To further ensure compliance by P-card participants, we will address Approver accountability. It is our intent to formalize the notification process to approvers regarding violations of P-card procedures and policies. The notification will require the approver to submit a corrective action plan to Finance within an established time frame.

Auditor: B. Smith

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 21 2001 0607 09 Audit of City Procurement Card Program
6. Identification of Contracting Opportunities

Recommendation:

Purchasing should develop improved reports for buyers to review for identification of contracting opportunities. In addition, Purchasing should formalize and document the P-Card transaction evaluation process to be performed by its buyers.

Management Action Plan (April 11, 2007):

Reports will be developed and procedures documented to assist Buyers in identifying contracting opportunities.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department’s control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 22 2001 0607 09 Audit of City Procurement Card Program
7. Card Activity Evaluation

Recommendation:

Finance should create a documented approach/methodology to follow in evaluating cardholder activity and spending limits. Reports could annually be sent out to each department summarizing the number of P-Card transactions, total dollar amounts, and the spending limits for each cardholder. Department management could then be asked to review the report and justify the retention of low usage cards (based on a threshold established by Finance) and confirm the continuation of the established spending limits.

Management Action Plan (April 11, 2007):

A report will be developed to properly monitor card usage and card limits. Justifications will be requested from Departments with low usage cards or excessive card limits. A determination will be made by Purchasing as to whether the low usage cards will be cancelled or if limits will be adjusted.

Auditor: B. Smith

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 23 2001 0607 09 Audit of City Procurement Card Program
8. Management Reporting

Recommendation:

Finance should determine what management reports should be created to summarize P-Card program activity. The following should be defined and documented:

- Information to be included in the reports
- Source of information
- Staff responsible for creation of the reports
- Timing of creation and distribution of the reports
- Individuals to whom the reports will be distributed

Management Action Plan (April 11, 2007):

Finance will identify and develop a P-Card reporting strategy.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Finance and Business Services

Due Date : 12/31/2007

Not Due

- 24 2001 0607 09 Audit of City Procurement Card Program
9. Transaction Categories and Descriptions

Recommendation:

Finance should implement procedures for the regular review of transactions using available transaction categories/identifiers (e.g., GL codes, MCC codes). Cardholders should be formally reminded of the importance of the proper categorization of purchases and to provide descriptive information in the transaction description field.

Management Action Plan (April 11, 2007):

Finance will develop and distribute a procedure addressing the acceptable level of transaction categorization and transaction review criteria.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date : 10/4/2005

Extended

- 25 2001 0405 03 Audit of Controls Over City Utility Payments And Costs
01. 2. Utility Usage Monitoring

Recommendation:

In conjunction with the development of the utility usage monitoring program, Information Technologies should evaluate the needs of this program and use this information in establishing utility processing on a new systems platform.

Management Action Plan (April 4, 2005):

Information Technologies Management agrees that a program to monitor usage would establish the bases for identifying support solutions. The functional needs of the program, as well as whom and how many would be using it will help I.T. determine the appropriate system requirement. Early identification of the software requirements, users, and access will aid in the determination of the hardware component requirement, as well. Additionally, the assessment of third party monitoring tools in the market could both automate and accelerate the discovery of system solutions and the implementation process.

Auditor: B. Smith

Information Technologies

Due Date : 10/5/2007

Not Due

- 26 2005 0607 10 Audit of City Cell Phone Charges
1. a. Inventory Assignment and Accountability

Recommendation:

Better inventory control procedures are needed. Better inventory controls can be started by:
Performing a complete physical inventory to validate that the Phone System records are accurate and current.

Management Action Plan (April 11, 2007):

A departmental list of cellular devices will be produced from the Phone System and distributed to each department for their review and validation of use, assignment and need. The information gathered from this review will be used to identify the correct disposition of each device and update the Phone System records.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date: 10/5/2007

Not Due

27 2005 0607 10 Audit of City Cell Phone Charges

1. c. Inventory Assignment and Accountability

Recommendation:

Better inventory control procedures are needed. Better inventory controls can be started by:
All cell phones should be assigned to an individual in order to have accountability over monthly calls and expenses. Assignment to an individual should be made to as many phones as possible.

Management Action Plan (April 11, 2007):

A departmental list of cellular devices will be produced from the Phone System and distributed to each department for their review and validation of use, assignment and need. The information gathered from this review will be used to identify the correct disposition of each device and update the Phone System records.

Auditor: P. Marmurowski

Information Technologies

Due Date : 8/3/2007

Not Due

28 2005 0607 10 Audit of City Cell Phone Charges

2. 1. Business or Personal Call Accountability

Recommendation:

Management should establish a control system for ongoing monitoring of cell phone usage. Cell phone costs are based on total usage, both local and long distance are billed the same. If employees were encouraged to use desk phones, where possible, overage charges could be significantly reduced.

Management Action Plan (April 11, 2007):

All cell phones will be placed in a pooled minutes plan with each vendor eliminating any overage charges. Reminders about City policy and suggested alternatives practices will be distributed to users.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date : 7/31/2007

Not Due

- 29 2005 0607 10 Audit of City Cell Phone Charges
2. 2. Business or Personal Call Accountability

Recommendation:

Management should increase the reimbursement rate for personal calls made on cell phones. A higher reimbursement rate would provide actual cost recovery and it would most likely reduce the number of personal calls on cell phones. With less usage the City's cell phone bill should be reduced.

Management Action Plan (April 11, 2007):

Industry charge plan standard rates will be reviewed for a possible adjustment.

Auditor: P. Marmurowski

Information Technologies

Due Date: 7/2/2007

Not Due

- 30 2005 0607 10 Audit of City Cell Phone Charges
3. Cell Phone Plans

Recommendation:

Management must reduce the cell phone plan choices for easier and better control monitoring. There should be a review to determine the needs of each cell phone user to determine which plan best serves the need of the City and the end user at the least cost.

Management Action Plan (April 11, 2007):

We have met with the vendors and are consolidating the plans so we will have one pooled plan for each vendor. We will have 5 different prices for each vendor Basic plan without PDA and with PDA, advanced plan without PDA and with PDA and wireless data card. This will allow for an easier review of vendor bills. Additionally, we will be having quarterly reviews with each vendor to ensure all phones are on the correct plan. Users will not need to make plan choice. Results of the departmental inventory survey will be used to determine the proper plan distributions.

IT and Finance have met and are planning on transitioning the billing process from direct cost to the user to a single standard price to users for each type of service through the Communications ISF.

Auditor: P. Marmurowski

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date : 7/2/2007

Not Due

- 31 2005 0607 10 Audit of City Cell Phone Charges
4. 1. Cell Phone Usage

Recommendation:

Management must begin to gain control over the increasing cost of cell phone. This process can be started by:

Requiring that all new cell phone requests be accompanied by a questionnaire to determine the user needs. This questionnaire would be the basis for the assignment of the cell phone plan, which meets the user needs at the least cost to the City.

This study will determine where expenses could be cut without loss of productivity associated with cell phones. This could also address the issue of users going over their month allocation of minutes.

Management Action Plan (April 11, 2007):

The current process requires department approval before a cell phone is issued. IT along with Finance and Business Services will monitor the distribution of phones in the pooled plans for cost effectiveness.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Information Technologies

Due Date : 10/5/2007

Not Due

- 32 2005 0607 10 Audit of City Cell Phone Charges
4. 2. Cell Phone Usage

Recommendation:

Management must begin to gain control over the increasing cost of cell phone. This process can be started by:

There should be questionnaire sent to all current cell users to determine if the cell phone plan they have meets their needs. The completed questionnaire would form the basis to begin to control the increasing costs, since cell phone plans could be better matched with actual cell phones usage.

This study will determine where expenses could be cut without loss of productivity associated with cell phones. This could also address the issue of users going over their month allocation of minutes.

Management Action Plan (April 11, 2007):

A departmental list of cellular devices will be produced from the Phone System and distributed to each department for their review and validation of use, assignment and need. The information gathered from this review will be used to identify the correct disposition of each device.

Auditor: P. Marmurowski

Information Technologies

Due Date : 7/2/2007

Not Due

- 33 2006 0607 11 Audit of Citywide Long Distance Telephone Calls
1. Accountability

Recommendation:

Management should establish a more active and ongoing monitoring program over long distance call usage.

Management Action Plan (April 11, 2007):

IT will provide monthly departmental reports of users that exceed established usage thresholds to ensure minimal misuse of long distance. However, based the recommendation in the Cell Phone Audit to encourage use of desk phones for long distance calls, the use and cost of long distance call services may increase.

Auditor: P. Marmurowski

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 9/30/2006

Incomplete

- 34 2200 0607 04 Safekey Cash Counts
1. Cash Handling Practices

Recommendation:

Safekey management should address the cash handling deficiencies noted during the Safekey site visits as follows:

- Recreation Leaders should enforce adherence to the following policies:
 - Driver's license numbers or identification numbers should be written on the front of checks received.
 - Checks should be immediately stamped with the City's restrictive endorsement.
 - Change should not be given to customers.
- Manual receipt books should be assigned to each individual authorized to receive payments.
- Safekey management should develop a policy prohibiting the retention of non-city funds by Safekey staff.

Management Action Plan (September 8, 2006):

A policy/guideline will be added to our Standard Operations Procedure manual, handbooks, staff manual, cash handling policies, lead instructors manual and at 3 annual in services that staff will not solicit or handle money that is non-city funds. All FTE and P/T staff will begin to sign acknowledgement that all policies and procedures are understood and will be followed or corrective action will be taken respectively.

Estimated Date of Completion:
Sept. 30, 2006

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 11/30/2006

Incomplete

- 35 2200 0607 04 Safekey Cash Counts
2. Safekey Signage

Recommendation:

Safekey management should develop policies on approved signage that should be displayed at each Safekey site and provide uniform signage for all sites.

Management Action Plan (September 8, 2006):

Requesting quotes for purchase of A-frames for permanent signage. These will be placed at all 67 sites with appropriate descriptive communications.

Estimated Date of Completion:

Nov. 30, 2006

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 9/30/2006

Incomplete

- 36 1601 0607 05 Audit of Safekey Payment Collection Controls
1. Program Fee Policies

Recommendation:

Safekey Management should evaluate and clarify its fee policies. The following areas should be addressed:

- Pre-payment requirements.
- Weekly rate eligibility.
- Fees to be charged at 6:30 a.m. sites.
- Clarification on when a payment is considered late.
- Clarification on when late fees should be assessed, the amounts to be charged, and for how long.
- Collection efforts required of staff.

Safekey documentation (i.e., Parent and Staff Handbooks, Participant Information Forms, Program Fee Schedules, Cash Handling Procedures, official signage) should be updated where necessary to reflect policies. Considering the unique nature of Safekey (i.e., continual daily program throughout the school year), Leisure Services should consider creating Parent and Staff handbooks that exclusively address the policies of the Safekey program.

Management Action Plan (September 8, 2006):

Agreed. Recommendations have already been addressed and corrected in new SK manuals. Handbooks created strictly for the SK program are complete and ready for print. Copies of manuals will be provided to Auditor's after September 6, 2006. Late payment charge has been corrected to \$5.00 per day as written in the parent handbook. Staff manual will be corrected for next printing by September 30, 2006.

Estimated Date of Completion:
Sept. 06

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 10/31/2006

Incomplete

- 37 1601 0607 05 Audit of Safekey Payment Collection Controls
2. Payment Collection Oversight

Recommendation:

Safekey management should implement the following procedures to improve the oversight of Safekey operations and reduce the risk of skimming:

- Develop documented procedures for completing reconciliations of Safekey participants to payments for both manual and computer site locations.
- Require recreation leaders (or others) to perform regular unannounced reconciliations of children in attendance to payments to identify unpaid amounts, unrecorded payments, and inappropriate payment collection practices. Unpaid amounts should be followed-up on to ensure payment is either made or recorded on the Late Payment Log.
- Implement measures to increase monitoring of the morning Safekey operations.
- Develop, document, and implement formal procedures for reviewing payment cancellations and registration withdrawals.
- Require recreation leaders to identify undistributed customer receipts at Safekey sites and take appropriate measures to get receipts distributed.

Management Action Plan (September 8, 2006):

Agree with recommendations. Management will develop documented procedures for completing reconciliations of Safekey participants to payments for both manual and computer site locations.

- Starting this school season management will require recreation leaders (or others) to perform regular unannounced reconciliations of children in attendance to payments to identify unpaid amounts, unrecorded payments, and inappropriate payment collection practices. Unpaid amounts will be followed-up on to ensure payment is either made or recorded on the Late Payment Log.
- Starting this school season management will implement measures to increase monitoring of the morning Safekey operations.
- Starting this school season management will develop, document, and implement formal procedures for reviewing payment cancellations and registration withdrawals.
- Starting this school season management will require recreation leaders to identify undistributed customer receipts at Safekey sites and take appropriate measures to get receipts distributed.

Estimated Date of Completion:
October 2006

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 9/30/2006

Incomplete

- 38 1601 0607 05 Audit of Safekey Payment Collection Controls
3. Sign-In Procedures

Recommendation:

Safekey management should take measures to enforce the requirement that parents sign-in their children each morning into the Safekey program. By doing so, site leaders will be in a better position to enforce the pre-payment of services. Clear guidelines should be established for Safekey staff to follow to enforce the policy.

Addressing this issue and changing the habits of parents may require a Safekey staff to periodically stand near the parking lot to discourage parents from dropping off their children without signing in their children.

The Parent Handbook and Staff Manual should be adjusted to reflect Safekey's disallowance of waivers.

Management Action Plan (September 8, 2006):

Agree with recommendations. New Manuals already reflecting recommended changes. Waiting or print. New staff to be hired or TILO/OT budget to be increased to enforce sign-in sign-out policy. Leisure will have a zero tolerance for parents not signing in and out their children.

Estimated Date of Completion: Printed material to be completed by Sept. 06. Approval is required and a time frame for hiring additional staff will need to be established.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 10/31/2006

Incomplete

- 39 1601 0607 05 Audit of Safekey Payment Collection Controls
4. Unpaid Balance Collections

Recommendation:

Safekey management should document Safekey's unpaid balance collection program including the following areas:

- Roles and responsibilities of site leaders in this program.
- Roles and responsibilities of recreation leaders in this program.
- Collection procedures to be followed for both manual and computer sites.
- Forms/reports to be used.
- Timetable for submittal of information to recreation leaders, Safekey management, and Finance.

Management Action Plan (September 8, 2006):

Manuals and Cash handling policies corrected, waiting to be printed. SK Rec. Ldr. Manual to be developed.

Estimated Date of Completion:

Draft for Rec. manual to be completed by Oct. 06.

Auditor: B. Smith

Leisure Services

Due Date : 10/31/2006

Incomplete

- 40 1601 0607 05 Audit of Safekey Payment Collection Controls
5. Safekey Records

Recommendation:

Safekey Management should evaluate the noted deficiencies in the Weekly Attendance Report and Sign-In/Out Sheets and determine how these deficiencies can be most effectively addressed. The current forms/reports could be revised or new forms/reports created. Direction on the use of these documents should be documented and clearly communicated to staff.

Management Action Plan (September 8, 2006):

Set meeting with Auditors to revise forms/reports for better audit trail.

Estimated Date of Completion:

Meet with Auditors by October 30, 2006.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Leisure Services

Due Date : 12/31/2006

Incomplete

- 41 1601 0607 05 Audit of Safekey Payment Collection Controls
6. Payment Processing Using Computers

Recommendation:

Leisure Services management should evaluate the identified Safekey system payment processing issues and determine what system enhancements or manual procedures could be implemented to address these issues. Policies and procedures on the use of the computer at Safekey sites should be created, documented, and shared with Safekey staff.

Management Action Plan (September 8, 2006):

LS will evaluate the system payment processing issues and determine what system enhancements or manual procedures could be implemented to address these issues. Laptop policies and operating procedures have been developed (with additional information to be added) and given to Safekey staff. Additionally, the following procedures have been put in place:

- a. All children must have a participation form filled out before attending the program.
- b. If a child shows up at a Safekey site and there is no participation form the child is returned to the school office.
- c. Payments are due on Friday for the next week. If payment is not made, late fees are assessed at \$5/day until payment is made and participant must pay the daily rate for the week. Payment may be made for the whole week or paid daily.
- d. If participant goes a second week without payment, they are removed from the program.
- e. Sign in/out sheets are checked against the payment log to make sure that those attending have paid for the program.
- f. Rates for the program have been narrowed down to a daily rate or a weekly rate.
- g. At present 30 of the 67 sites have computers with the goal that all sites will be on the CLASS system by fall 2008. This will make it much easier to check on registrations and payments made as they will be administered by the CLASS system. The only problem that some sites may have is the availability of wireless internet access. IT is assisting in this problem.

Estimated Date of Completion:

Evaluate all payment processing issues by December 2006.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date : 6/30/2000

Extended

42 1999 07 Las Vegas Municipal Court

B. 03. i. Correspondence With Defendants

Recommendation:

In order to increase the effectiveness of the postcard mailings and avoid future waste in postage costs, management of the Court should work with the Information Technologies Department in making the required programming changes to ensure that the addresses being used for mailing are the most current in the System.

Management Action Plan (September 20, 1999):

Management of the Court will work with IT in making these programming changes. We estimate that the required programming changes will be made in June 2001.

Auditor: B. Smith

Municipal Court

Due Date : 6/30/2000

Extended

43 1999 07 Las Vegas Municipal Court

B. 03. ii. Correspondence With Defendants

Recommendation:

Management of the Court should work with the Information Technologies Department in developing the capability within the Court System for recording the history of all correspondence with defendants. The history of all correspondence should be retained and accessible for review on a consolidated basis via a screen or report. Changes to the correspondence history should be restricted. Implementation of this capability within the Court System will improve the efficiency of court personnel working on individual cases and customer service.

Management Action Plan (September 20, 1999):

Most, if not all, of the above recommendations will be implemented in the new computer system(s) in working towards a Court-wide paperless environment.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date : 6/30/2000

Extended

- 44 1999 07 Las Vegas Municipal Court
C. 02. iii. User Passwords For Court System

Recommendation:

System access logs should be created and reviewed periodically by management for unusual access attempts.

Management Action Plan (September 20, 1999):

In designing the new Court system, system access logs will be requested and procedures implemented for their review.

Auditor: B. Smith

Municipal Court

Due Date : 6/30/2000

Extended

- 45 1999 07 Las Vegas Municipal Court
C. 04. ii. Limits On Cash In Drawers

Recommendation:

The Court System should be improved to allow clerks to determine how much cash they have collected.

Management Action Plan (September 20, 1999):

Management will look into the possibility of the legacy computer system keeping track of and indicating the amount of cash in each drawer.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Municipal Court

Due Date : 6/30/2000

Extended

46 1999 07 Las Vegas Municipal Court
D. 02. Bail Register Report Errors

Recommendation:

Court management should further investigate the errors within the Bail Register and procedures should be implemented to identify and monitor these errors in a more timely manner until the programming errors can be corrected. Court management should work with IT in addressing these issues.

Management Action Plan (September 20, 1999):

The Court has looked into these differences and has pinpointed the problems. The problems must be corrected through computer programming. We will continue to work with IT to correct them and in the meantime continue to manually research and correct the errors.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 9/30/2007

Not Due

47 201 0607 12 Audit of Video Services

1. Compliance with Outside Programming Requirements

Recommendation:

To ensure compliance with all outside programming requirements and restrictions, Video Services should:

- Address the identified areas of non-compliance and monitoring deficiencies related to outside programming.
- Create a file/binder for retaining documentation relating to all outside programming (e.g., on-line request forms, agreements, contracts, pertinent information from websites, correspondence).
- Summarize all outside program broadcasting requirements and restrictions for reference by staff.
- Create documented procedures outlining how outside programming requirements and restrictions will be tracked and how compliance will be monitored.

Management Action Plan (June 21, 2007):

The two television programs in question, like virtually all KCLV outside programming, are free and involve no payment for the right to air the shows. They are provided at no cost by separate organizations to channels across the country for the public good. Terms to air one of the shows are vague in places and left to interpretation. However in an abundance of caution, KCLV has dropped that half-hour show to avoid any perceived issue.

The other show in question is to air in no less than one-hour blocks. KCLV carries the program in full segments but sometimes also airs it as filler, receiving positive responses from the public. As a result, KCLV staff has received written approval from the parent organization to air the program as we currently are, meaning it can be used also as filler in segments that are less than an hour.

Overall, staff at KCLV does an excellent job monitoring programming and making timely changes. However, to refine the process even more, KCLV staff will create a file/binder and summarize the outside program broadcasting requirements and restrictions. The estimated date of completion for these items will be September 30, 2007.

The creation of documented procedures outlining outside programming will be done as part of an overall operations manual with the date of estimated completion being May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 1/31/2008

Not Due

48 201 0607 12 Audit of Video Services
2. Programming Retention

Recommendation:

Video Services should:

- Update the programming retention policy to more fully reflect its programming retention standards. The policy should address both tape and digital programming retention standards.
- Complete periodic reviews of the tape library and system servers to ensure compliance with the programming retention policy.
- Provide the UNLV tapes to the City Clerk's office for review and retention or disposal.

Management Action Plan (June 21, 2007):

Currently, space is not an issue in the storage of programming, either on tape or in digital format. However, to prevent space from becoming an issue in the future, KCLV staff will further refine the retention policy, understanding that some programming has historical value. This includes video of City Council meetings on three-quarter inch tape. Staff will work with the City Clerk, the UNLV Library, or an area museum to find a potential home for the old City Council videos. These efforts will take place by January 31, 2008.

The work to refine the video retention policy will be part of an overall operations manual with the date of estimated completion being May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 5/31/2008

Not Due

49 201 0607 12 Audit of Video Services
3. Operational Measurements

Recommendation:

In order to improve the consistency, accuracy, and usefulness of the operational measurements, Video Services should:

- Re-evaluate the appropriateness and value of the current Video Services operational measurements.
- Seek updated input from the Communications Director and the City Manager's Office on what measurements are most useful to them.
- Define and document each operational measurement used and how the information should be derived.
- Identify appropriate backup documentation to support each month's measurements and retain this documentation for reference.
- Document the operational measurement gathering and reporting process.

Management Action Plan (June 21, 2007):

The operational measures for KCLV are related to our broadcast efforts, and are consistently in front of the public. In many cases, inaccuracies would be apparent to any observer. However, to better refine the operational measurement process, KCLV and the rest of the Office of Communications will participate in the Weidner Performance Plus Program. All city departments are going (or will go) through this strategic planning effort, which takes a critical look at performance measurements and the reasons for them. A significant aspect of the program is to evaluate the key functions of a workgroup, determine what is most important, and objectively measure results.

The process to refine the KCLV measurements will have an estimated date of completion of May 31, 2008.

These measurements will also be incorporated into an overall operations manual with the date of estimated completion being the same—May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.
Extended: Not implemented due to circumstances beyond the department's control.
Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 8/31/2007

Not Due

50 201 0607 12 Audit of Video Services
4. Equipment Tracking

Recommendation:

In order to improve oversight of its equipment, Video Services should:

- Create and maintain a master equipment listing (using a dollar threshold deemed appropriate by management) with the location of the equipment.
- Conduct at least an annual formal inventory of its equipment using the master equipment listing.
- Reconcile those pieces of equipment with a cost greater than \$5,000 to Finance's fixed assets listing and IT purchased equipment to IT records at least annually.
- Consult with the Fixed Assets Unit of Finance on alternative equipment tags that could be used on certain equipment.
- Document procedures to be followed by Video Services staff in maintaining the master equipment listing and conducting the inventory of equipment.

Management Action Plan (June 21, 2007):

KCLV is a small operation with a relatively small number of individual pieces of equipment in a secured building. As the audit points out, none of the equipment was found to be missing. Should a piece of equipment turn up missing, in most every case it would be apparent to the entire staff immediately. The most expensive equipment is in the studios, the control room, the playback room, and the edit bays. These are areas used by all the staff and observed by all staff. However, since the equipment used is critical to the operation, KCLV staff will work with the Fixed Assets Unit to refine the process of assigning equipment tags, conducting an annual inventory, and determining dollar thresholds for the tracking of equipment. This initial work will be done with an estimated completion date of August 31, 2007.

The equipment tracking and inventory process will be part of an overall operations manual to be completed by May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 12/31/2007

Not Due

51 201 0607 12 Audit of Video Services
5. Surplus Equipment

Recommendation:

In order to ensure timely identification and removal of surplus equipment, Video Services should:

- Request Central Stores to pick up their current surplus equipment.
- Identify and document all surplus equipment (both on-site and off-site) in conjunction with at least an annual equipment inventory and contact Central Stores to remove the surplus equipment.
- Document procedures to be followed by Video Services staff in identifying and requesting removal of surplus equipment.

Management Action Plan (June 21, 2007):

Space is not an issue as it relates to KCLV's surplus equipment. The operation simply does not have much in the way of surplus gear. However, to keep surplus equipment from becoming an issue in the future, staff will work with Central Stores to have the surplus equipment removed in a timely manner. The plan is to have the surplus equipment removed and the process refined with an estimated completion date of December 31, 2007.

The procedures concerning surplus equipment at KCLV will be part of an overall operators manual to be completed by May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 8/31/2007

Not Due

52 201 0607 12 Audit of Video Services
6. System Backup

Recommendation:

Video Services should:

- Evaluate the feasibility of additional on-site storage measures for system backup tapes.
- Implement an off-site storage program for system backup tapes.
- Establish a formal system backup testing program in which backups are periodically tested to ensure that files can be restored if necessary.
- Document procedures outlining the system backup program.

Management Action Plan (June 21, 2007):

System backup is done on a consistent basis. KCLV staff will implement an off-site storage program and establish a testing procedure. This work will be done with an estimated completion date of August 31, 2007.

Procedures to document this effort for future reference will be part of an overall operations manual to be completed by May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 5/31/2008

Not Due

53 201 0607 12 Audit of Video Services
7. Technical Support Contingency Plan

Recommendation:

Video Services should:

- Prepare a contingency plan for the loss or extended absence of the Video Production Specialist.
- Request the Video Production Specialist to organize key broadcast engineering documentation and schematic drawings for easy access and reference by another broadcasting engineer in case of his separation from employment or extended absence.
- Request the Video Production Specialist to prepare or assemble documentation for key processes where documentation does not already exist.

Management Action Plan (June 21, 2007):

KCLV retains the services of an outside engineer to support the operation when the video production specialist is out of the office. This same engineer was part of the team that integrated the studio and control room facilities when the building was brand new. He is very familiar with the operation. In fact, this individual was called upon to repair the switcher in the past when the video production specialist was in Europe. Our staff is simply not large enough to justify hiring a fulltime individual to back up the engineering functions of the video production specialist. However, to make this overall process seamless, staff will assemble a guide that will direct the outside engineer to necessary equipment documentation and schematic drawings—or their locations. It will also contain important contact information for technical support.

This documentation will be part of an overall operations manual to be completed by May 31, 2008.

Auditor: B. Smith

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Office of Communications

Due Date : 10/31/2007

Not Due

54 201 0607 12 Audit of Video Services
8. Web Surveys

Recommendation:

Video Services should:

- Consult with IT on options to increase utilization of the KCLV web survey form by the public.
- Request IT to address the web survey spamming problem.
- Regularly summarize the information obtained from the web survey forms in a management report.

Management Action Plan (June 21, 2007):

KCLV staff will refine the Web survey process with an estimated completion date of October 31, 2007.

Auditor: B. Smith

Office of Communications

Due Date : 5/31/2008

Not Due

55 201 0607 12 Audit of Video Services
9. Standard Operating Procedures

Recommendation:

Video Services should create a comprehensive standard operating procedures manual to enhance the management of the television station, improve staff accountability, provide orientation and reference material for staff, and document the institutional knowledge of existing staff in case of employee turnover or extended absences. For purposes of this audit, management should at a minimum create standard operating procedures for the following areas:

Project Scheduling

- Project scheduling process and guidelines
- Project time tracking process and reporting requirements

Programming

- Internal approval process and requirements for internally produced programs
- Program scheduling procedures and guidelines
- Outside programming requirements and restrictions (see Finding #1)
- Complete programming retention policy and procedures (see Finding #2)
- Tape library organization, access, and use

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

Operational Measurements

- **Operational measurement definitions and derivations, required backup documentation, and reporting process (see Finding #3)**

Equipment

- **Equipment security policy and procedures**
- **Equipment tracking and inventory procedures (see Finding #4)**
- **Surplus equipment identification and disposal (see Finding #5)**
- **Video Services vehicle use procedures**

Systems

- **System backup procedures (see Finding #6)**
- **Technical support contingency plan (see Finding #7)**

Emergency Plan

- **Emergency plan specific to the staff and operations of KCLV**

Management Action Plan (June 21, 2007):

KCLV staff operates with an organized set of policies, procedures, and guidelines. To bring them into a comprehensive set, staff will create an operations manual incorporating scheduling, programming, operational measurements, equipment, systems, and emergency planning in a single document.

The overall operations manual is to be completed by May 31, 2008.

***Auditor:* B. Smith**

Incomplete: Not implemented.

Extended: Not implemented due to circumstances beyond the department's control.

Not Due: Due date is after June 30, 2007.

Management Action Plan response was obtained from the original audit report.

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on Audit of Fire and Rescue: Fire Investigations - Bomb Squad (1301-0708-05)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

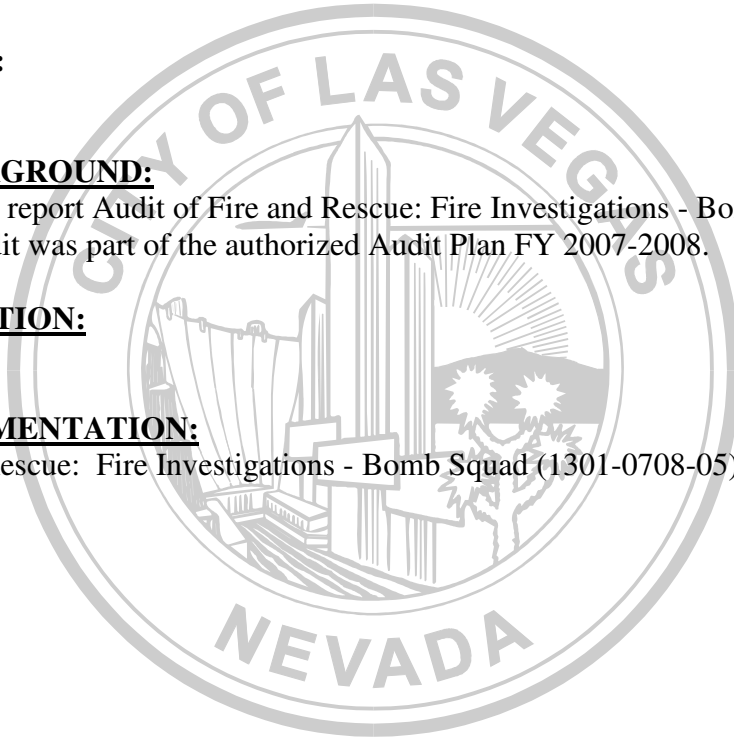
To review the audit report Audit of Fire and Rescue: Fire Investigations - Bomb Squad (1301-0708-05). This audit was part of the authorized Audit Plan FY 2007-2008.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Audit of Fire and Rescue: Fire Investigations - Bomb Squad (1301-0708-05)



CITY AUDITOR'S OFFICE



AUDIT OF FIRE AND RESCUE: FIRE INVESTIGATIONS - BOMB SQUAD

Report No. CAO 1301-0708-05

January 22, 2008

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	2
OBJECTIVES	2
SCOPE AND METHODOLOGY	3
CONCLUSIONS, FINDINGS AND RECOMMENDATIONS	3
1. Federal Grant Requirements	5
2. Training Documentation	6
3. Officer Report Review	7
4. Evidence Chain of Custody	8
5. Uniform Crime Reporting Program	10
6. Arson Incident Performance Indicator	12
7. Bomb Squad Response Time Performance Indicator	13
Management Response	15

**AUDIT OF FIRE AND RESCUE:
FIRE INVESTIGATIONS – BOMB SQUAD
CAO 1301-0708-05**

BACKGROUND

Fire Investigations – Bomb Squad (Fire Investigations), a bureau within the City’s Fire and Rescue Department, investigates fire incidents within the City of Las Vegas boundaries and is the primary bomb squad for Clark, Nye, and Lincoln counties. Fire Investigations includes thirteen members consisting of a unit commander and twelve fire investigators (investigators).

The investigators attend training to become certified as Nevada peace officers. This certification allows them to operate with full law enforcement powers. Fire Investigations investigates fires or explosions:

- resulting in the loss of more than \$50,000 from accidental causes,
- resulting in personal injury requiring transport to a medical facility or resulting in death,
- where a crime of arson is suspected, and
- involving property owned by the City of Las Vegas.

Fire Investigations is also a Federal Bureau of Investigations (FBI) accredited bomb squad. One of the requirements to be qualified as an accredited bomb squad is that two members of the organization must complete the FBI administered bomb technician training. All members of Fire Investigations have attended this training and are FBI certified Bomb Technicians. Fire Investigations responds to all explosive and improvised explosive device incidents to mitigate the public safety threat in Southern Nevada.

OBJECTIVES

The audit objectives were to ensure that:

- Federal grant requirements are being met.
- Training requirements are being met.
- Investigation case files are consistently maintained.
- Proper chain of custody for evidence is maintained.
- Appropriate access and security over assets are in place.
- Performance indicators are accurately calculated.

SCOPE AND METHODOLOGY

The scope of the audit was limited to reviewing the functions of Fire Investigations. Unless identified otherwise, activity from January 2005 through December 2006 is included. The last day of fieldwork was August 28, 2007.

The scope of our work on internal control was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable guidelines
- Interviews of personnel
- Observations of work processes
- Analysis and detail testing of available data

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

We noted the following:

- ***Federal Grant Requirements (Finding 1):*** Fire Investigations is generally in compliance with Federal grant requirements. Recommendations were made to improve Federal grand funded equipment property records.
- ***Training Requirements (Finding 2):*** Fire Investigations generally met training requirements. Recommendations were made to ensure peace officer training records are retained.
- ***Investigation Case Files (Finding 3):*** Fire Investigations generally maintained investigation case files in a consistent manner. Exceptions were noted with the practice of investigators not signing the Officer Reports they completed and senior investigator signatures attesting to their review.
- ***Evidence Chain of Custody (Finding 4):*** Improvements need to be made in the handling and documentation of evidence.
- ***Access and Security over Assets:*** Fire Investigations maintains appropriate access and security over assets.
- ***Performance Indicators (Findings 5, 6):*** Fire Investigations generally calculates the percentage of arson incidents cleared by arrest for Uniform Crime Reporting correctly. Recommendations were made to improve the collection of data and calculation of the

Audit of Fire and Rescue
Fire Investigations – Bomb Squad
CAO 1301-0708-05
January 22, 2008

performance indicator for arson investigations. (Finding 7): Fire Investigations does not currently track bomb squad response times. An analysis was completed and recommendations made to provide useful bomb squad response time information.

Further information is contained in the sections below.

1. Federal Grant Requirements

Criteria

Fire Investigations received Federal Homeland Security grant funding in 2005 that was used to purchase equipment to support the operation of the bomb squad. According to the 2005 Program Guidance and Application Kit, recipients of the 2005 Homeland Security grant awards are required to be in compliance with 28 Code of Federal Regulation (CFR) Part 66. Included in the requirements are specific guidelines that must be followed relating to equipment purchased with Federal grant funding.

28CFR 66.32 (d) (1) Property records must be maintained to include:

- *The source of property*
- *Who holds title*
- *Percentage of Federal participation in the cost of the property*

Condition

A review of Fire Investigations equipment property records for equipment purchased with 2005 Federal grant funding showed that the property records did not include the following:

- The source of property
- Who holds title
- Percentage of Federal participation in the cost of the property

Cause

Lack of familiarity with 28 CFR 66 requirements.

Effect

Noncompliance with Federal grant requirements could potentially result in the loss of Federal grant awards.

Recommendation

Fire Investigations should modify their property records for equipment purchased with Federal grant funding to include the source of the property, who holds title, and the percentage of Federal participation in the cost of the property.

2. Training Documentation

Criteria

Pursuant to Nevada Revised Statute (NRS) 266.310, the City Council can designate arson investigators as peace officers. All of the investigators are certified as Nevada peace officers.

Annually, peace officers are required to complete 24 hours of in-service training to maintain their certification in accordance with Nevada Administrative Code 289.230. Fire Investigations submits a Peace Officers' Standards and Training (P.O.S.T.) Individual Training Report to the Nevada P.O.S.T. Commission attesting that the required training was completed.

Evidence that required training has been completed should be maintained and summarized in department training records. Fire Investigations inputs their training into the Fire and Rescue training database. A report called the Training Summary can be printed that lists all the training each investigator attends.

Condition

The Training Summary for the 13 investigators of Fire Investigations for calendar years 2005 and 2006 were reviewed. The review consisted of verifying that the minimum training requirements for peace officers were documented. The following exceptions were noted during the review:

- 2005: the completion of 3 training requirements was not documented in the Training Summary.
- 2006: the completion of 16 training requirements was not documented in the Training Summary.

For the training requirements not listed in the Training Summary, Fire Investigations was requested to provide documentation to support that the investigators attended the training. The supporting documentation included course certificates, course sign-in sheets or fire arms qualification logs. Supporting documentation was located for all 19 unrecorded training requirements.

Cause

Each investigator maintains their training documentation and enters the training in Fire and Rescue's training database. The input of training into the training database was not verified.

Effect

Inability to support completion of required training.

Recommendation

To ensure that training records provide adequate support for training taken, Fire Investigations should:

- Assign one individual to input all training taken into the Fire and Rescue training database.
- Instruct investigators to obtain and submit copies of supporting documentation for all training taken.
- File and maintain supporting documentation in a central location.
- Before preparing the annual P.O.S.T. Individual Training Report, reconcile the training records and supporting documentation to ensure that the required peace officer training records have been retained.

3. Officer Report Review

Criteria

SOP 600.10 Part III Policy

A. *It is the policy of the Bureau of Fire Investigations – Bomb Squad to **complete a formal written report** for the following reportable incidents.*

1. *Investigators respond to any fire or explosion that has resulted in the loss of more than fifty thousand (\$50,000) dollars in real or personal property.*
2. *Investigators respond to any fire or explosion that results in personal injury requiring transport to a medical facility, or in the death of a human being regardless of whether the cause of such fire or explosion is accidental, incendiary or undetermined.*
3. *Investigators respond to any fire or explosion that has resulted from a crime of arson, or Investigators without responding to any fire or explosion, have received information from a victim or an Incident Commander regarding a crime of arson.*
4. *Investigators respond and investigate any fire or explosion that has the cause determination or undetermined regardless of damage costs.*
5. *Investigators respond and investigate incendiary fires committed by juveniles. There are separate guidelines in SOP 600.75 regarding the documentation of juvenile fires and the Southern Nevada Juvenile Firesetter Program.*
6. *Investigators respond to any fire or explosion involving property owned by the City of Las Vegas.*

B. *The basic investigative report used by the Bureau is the Officer's Report.*

1. ***An Officer's Report is mandatory** in each for the above-listed situations #1 through #6.*

Criminal cases forwarded to the Clark County District Attorney's Office for prosecution require that certain documents be submitted. Any Officer Reports (Report) completed by investigators are required to be included in this submittal. The current practice is for investigators to sign all

Reports they complete and for senior investigators to sign all Reports that they have reviewed. Properly completed and reviewed Reports with appropriate signatures provide for a stronger form of evidence than Reports missing applicable signatures.

Condition

Investigators prepare and sign Reports for their investigations. Senior investigators review the content of the Report completed by other investigators. Twenty-four arson investigation incident files from calendar year 2006 were selected for testing during audit fieldwork. This review included 28 Reports. The results of the review showed that 3 of 28 or 10.7 percent of the Reports were not signed by the investigator and two of these Reports did not include the senior investigators' signature.

Cause

- Written procedures do not specifically indicate that Reports should be signed by the investigator who completed the Report and under what circumstances senior investigators should review and sign Reports completed by other investigators.
- Investigator oversight.

Effect

Criminal cases submitted to the Clark County District Attorney that include Reports with missing signature lines prove for a weaker case when presented in court.

Recommendation

Fire Investigations is in the process of converting to FireFiles software for their investigation case files. With this conversion, Fire Investigations intends to use electronic signatures for their Officer Reports. Fire Investigations should update their procedures to include specific guidelines on signing and reviewing Officer Reports. Once the procedures have been updated, investigators should be instructed of these procedures.

4. Evidence Chain of Custody

Criteria

The documented chain of custody establishes the security and integrity of evidence by showing that evidence was not tampered with or otherwise altered since it was first collected. Fire Investigations has established the following procedures to ensure evidence integrity:

SOP 600.85 Evidence Procedures

III Policy: Q. Evidence Containers

- Once collected, physical evidence should be placed and stored in an appropriate evidence container. Like the collection of physical evidence itself, the selection of an appropriate evidence container also depends on the physical state, physical characteristics, fragility, and volatility of the physical evidence. The evidence container should preserve the integrity of the evidence and prevent any change to, or contamination of, the evidence.

IV. Procedures

- An Evidence Impound Report will be completed whenever evidence is impounded. (Part A)
- An investigator who locates any item of physical evidence will be responsible for properly packaging, documenting, and securing such evidence. (Part B)
- Place the evidence in the appropriate size evidence bag or envelope after completely filling out the pertinent spaces regarding the item(s) on the bag or envelope. (Part E)
- Evidence seals are to be affixed to every package containing items of evidence. If multiple items are contained in a package, only the outer package needs to be sealed with an evidence seal. (Part H.)
- Evidence bags will be folded and stapled across the top or open end. The resulting flap will then be sealed with evidence seal tape, marked as noted. (Part J)

Condition

- The incident case files reviewed in Finding Number 2 were selected to ascertain whether the chain of custody of evidence was maintained. Evidence was collected in 10 of 24 incidents and included 25 evidence containers. Testing procedures included tracing the evidence as documented on the Evidence Impound Report to the label on the appropriate evidence container. The following exceptions were noted during this test:
 - A piece of evidence was located in an open brown paper bag that was not labeled.
 - A piece of evidence was not located.
 - Two pieces of evidence with the same description were located in brown paper bags that were not labeled or sealed.
- An additional test was performed by randomly selecting evidence containers in the evidence room for 10 incidents from calendar years 2005 through 2007. This test included tracing from the label on the evidence container to the Evidence Impound Report in the case file. We were not able to locate the Evidence Impound Report for 1 of 10 incidents.
- The following issues were noted during the observation of the evidence room:
 - Two brown paper bags were stored that included evidence seals but were not labeled.
 - An evidence container with an evidence seal over the top of the can was stored that was not properly sealed and not labeled.

- Six open brown paper bags were stored that appeared to be holding evidence; however, they were not sealed or labeled.
- The evidence room is also used to store supplies.
- A systematic process is not in place to destroy evidence. Therefore, evidence is stored for incidents in which the statute of limitations has expired.
- A comprehensive list of all evidence is not maintained.

Cause

- Limited space for the storage of evidence.
- Failure to follow Fire Investigations Evidence Chain of Custody Procedures.

Effect

If the chain of custody of evidence from initial collection until presented in a court of law is not preserved, evidence could be deemed to be inadmissible when presented during court proceedings.

Recommendation

Fire Investigations should complete the following to ensure the chain of custody for evidence has been properly documented and secured:

- Investigators should be reminded of the importance of adhering to existing policies and procedures relating to the proper handling of evidence.
- Compliance with the policies and procedures for collecting and storing of evidence should be periodically tested to ensure continual compliance with the proper handling of evidence.
- Supplies stored in the evidence room should be relocated to another location to ensure that the evidence room has restricted access.
- Periodically, a systematic evaluation should be completed to determine whether evidence can be destroyed or returned to the owner. Once proper authorization is obtained and documented, the evidence should be destroyed or released.
- A comprehensive inventory of all stored evidence should be completed and maintained.

5. Uniform Crime Reporting Program

Criteria

The Nevada Department of Public Safety (Public Safety) gathers Uniform Crime Reporting (UCR) statistics from approximately 35 agencies. This authority is granted by NRS 179A.078.

Public Safety publishes the “Crime and Justice” annual report and forwards the results to the FBI for inclusion in national statistics.

UCR statistics should accurately reflect all arson incidents and any associated clearance information to ensure reliable crime statistics with Fire Investigations, the State of Nevada, and the FBI.

Condition

Fire Investigations reports their arson crime statistics monthly to Public Safety as part of UCR and is requested to certify the accuracy of their reporting.

A review of Fire Investigations internal 2006 arson crime records showed the following differences when compared to the cases reported to the State of Nevada for UCR Reporting purposes:

	Total Arson Incident Cases	Adult Cases Cleared	Juvenile Cases Cleared	Percentage of Cases Cleared
Per UCR Report	83	11	3	16.87 %
Per Audit Testing	87	12	5	19.54 %
Under Reported	4	1	2	

Additional testing was completed on the January through May 2007 arson cases showed the following difference:

	Total Arson Incident Cases	Adult Cases Cleared	Juvenile Cases Cleared	Percentage of Cases Cleared
Per UCR Report	38	2	4	15.79 %
Per Audit Testing	38	3	4	18.42 %
Under Reported	0	1	0	

Cause

The calculation of the monthly UCR statistics is a manual process.

Effect

Inaccurate reporting to the State of Nevada and the FBI.

Recommendation

Fire Investigations should report these discrepancies to Public Safety.

Fire Investigations is in the process of converting to FireFiles software for their investigation case files. The software features report creation capabilities that will enable them to produce performance reports relating to their cases. Fire Investigations should test the accuracy of the FireFiles performance reports by calculating their manual arson statistics and comparing the results to arson statistics reports generated by FireFiles. Any differences between the two reporting systems should be reconciled and issues with the FireFiles reports should be resolved. Once it has been determined that the FireFiles reports accurately represent arson statistics, Fire Investigations can completely convert to the FireFiles performance reporting process.

6. Arson Incident Performance Indicator

Criteria

Internally tracked performance indicators should accurately reflect Fire Investigations' activity.

Condition

The City of Las Vegas recently adopted a performance based budgeting process. Fire and Rescue included *the percentage of arson incidents cleared by arrest* as one of their indicators. As noted in the previous finding, Fire Investigations already tracks their arson incidents as part of UCR. In addition, they have summarized their annual arson incidents cleared by arrest since 1996. The process also includes comparing their clearance rate to the FBI statistics for cities with a population of 250,000 to 499,999. The 1996 through 2005 statistics for Fire Investigations, the State of Nevada, and the FBI arson incidents are as follows:

Fire Investigations				State of Nevada Approximately 35 Agencies			FBI Cities with population of 250,000 to 499,999	
Year	Offenses	Cleared	% Cleared	Offenses	Cleared	% Cleared	Offenses	% Cleared
2005	111	28	25.23%	777	118	15.19%	6,634	11.80%
2004	66	6	9.09%	692	80	11.56%	6,553	10.10%
2003	75	18	24.00%	573	75	13.09%	6,696	10.10%
2002	132	17	12.88%	630	99	15.71%	8,102	10.60%
2001	125	16	12.80%	536	95	17.72%	8,030	11.70%
2000	96	20	20.83%	581	57	9.81%	8,234	14.40%
1999	140	32	22.86%	624	99	15.87%	8,326	15.50%
1998	157	39	24.84%	667	94	14.09%	8,339	15.40%
1997	174	42	24.14%	729	133	18.24%	10,050	15.30%
1996	161	55	34.16%	717	136	18.97%	10,721	15.70%
Totals	1,237	273	22.07%	6,526	986	15.11%		

Note: At the time of audit fieldwork, 2006 FBI final figures were not available. In addition, the FBI data does not include the number of clearances; therefore, we could not calculate the 10 year average for national clearances.

In reviewing Fire Investigations' calculations, we noted the following errors with the summarized arson figures:

- Fire Investigations' calendar year 2000 percentage cleared was not calculated correctly. The percentage listed was 15 percent and should have been 20.83 percent. (The percentage was corrected in the above table.)
- Fire Investigations figures used in summarized arson incidents for calendar years 2006 and 2007 were reversed.
- Fire Investigation calculated the twelve year clearance percentage for the period of 1996 through May 2007 as 20.50 percent using an average of the percentages instead of calculating a single average for the entire period.
- After adjusting for the above errors, the actual percentage for this period is 21.97 percent.

Cause

Clerical errors.

Effect

Inaccurate reporting of arson clearances.

Recommendation

Fire Investigations should adjust the errors noted above relating to the *summarized annual arson incidents cleared by arrest statistics*. In addition, the multi-year arson clearance percentage should be calculated using a single average for the entire period.

7. Bomb Squad Response Time Performance Indicator

Criteria

Internally tracked performance indicators should accurately reflect Fire Investigations' activity.

Condition

The City of Las Vegas recently adopted a performance based budgeting process. Fire and Rescue included the *percentage of incidents the bomb squad arrived at within 15 minutes from*

notification of responders as one of their indicators. Fire Investigations does not currently track bomb response times and requested that this indicator be reviewed during audit fieldwork. To review bomb squad response times, queries for calendar year 2006 were created from the Fire and Rescue Dispatch system (Dispatch). Fire Investigations records their call activity in a manual log. To ascertain the reliability of the queries, the bomb call incidents listed in the queries were compared to the manual log. An analysis of the queries showed that:

- The response times for all investigators that responded to each incident were included rather than just the first responder. Typically, more than one investigator responds to bomb calls. The first investigator to arrive at the scene begins the process to mitigate the public safety hazard.
- The geographic locations of the incidents were not considered. Fire Investigations' jurisdiction includes all of Clark, Nye, and Lincoln Counties. Realistic response time requirements should factor in the call origination location.
- The level of public safety risk associated with the calls was not considered.
- Investigators may not have always immediately notified Dispatch of their on-scene arrival time.

Cause

Recently implemented performance indicator not previously monitored.

Effect

Applying the same criteria (15 minute response time requirement) to all bomb calls does not accurately reflect the performance of Fire Investigations.

Recommendation

To provide useful bomb squad response information, the bomb squad response time reporting should include the following:

- Include only the response time for the first investigator who responds to each incident,
- Establish response time areas based upon specific geographical areas and separately report response times for each area,
- Track calls that represent a public safety hazard for which immediate response is critical. Separately report these critical calls from non-critical calls, and
- Reinforce the need for investigators to notify Dispatch of their on-scene arrival time.

Management Response

1. Federal Grant Requirements

Recommendation:

Fire Investigations should modify their property records for equipment purchased with Federal grant funding to include the source of the property, who holds title, and the percentage of Federal participation in the cost of the property.

Management Action Plan:

The property records for the Bureau of Fire Investigations Bomb Squad is located on a Unit only internal Excel Spreadsheet and will be adjusted to reflect source of property (UASI, SHSP) etc., holder of title and percentage of federal participation. This is just a matter of data input to an already existing database.

Estimated Date of Completion:

30 June 2008

2. Training Documentation

Recommendation:

To ensure that training records provide adequate support for training taken, Fire Investigations should:

- Assign one individual to input all training taken into the Fire and Rescue training database.
- Instruct investigators to obtain and submit copies of supporting documentation for all training taken.
- File and maintain supporting documentation in a central location.
- Before preparing the annual P.O.S.T. Individual Training Report, reconcile the training records and supporting documentation to ensure that the required peace officer training records have been retained.

Management Plan of Action:

One individual has already been assigned to input all training which is now the secretary of the Unit. Individual Training certificates will be forwarded to the Unit secretary and held in a notebook binder for the calendar year. The reconciliation of records is available through the

RMS database and will be reconciled at year end. Note: This Unit has budgeted for a full time Training Officer for the Unit for the last 4 years. In addition to other duties, that position would greatly assist in following the above recommendations.

Estimated Date of Completion:

30 June 2008

3. Officer Report Review

Recommendation:

Fire Investigations is in the process of converting to FireFiles software for their investigation case files. With this conversion, Fire Investigations intends to use electronic signatures for their Officer Reports. Fire Investigations should update their procedures to include specific guidelines on signing and reviewing Officer Reports. Once the procedures have been updated, investigators should be instructed of these procedures.

Management Action Plan:

Standard Operating Procedures for Report Signature will be implemented. Firefiles currently allows electronic signatures and a revision of the Standard Operating Procedure will reflect this.

Estimated Date of Completion:

30 June 2008

4. Evidence Chain of Custody

Recommendation:

Fire Investigations should complete the following to ensure the chain of custody for evidence has been properly documented and secured:

- Investigators should be reminded of the importance of adhering to existing policies and procedures relating to the proper handling of evidence.
- Compliance with the policies and procedures for collecting and storing of evidence should be periodically tested to ensure continual compliance with the proper handling of evidence.
- Supplies stored in the evidence room should be relocated to another location to ensure that the evidence room has restricted access.

- Periodically, a systematic evaluation should be completed to determine whether evidence can be destroyed or returned to the owner. Once proper authorization is obtained and documented, the evidence should be destroyed or released.
- A comprehensive inventory of all stored evidence should be completed and maintained.

Management Action Plan:

A Memorandum will be drafted to remind Unit personnel about evidence procedures. Supplies from the evidence room will be removed when the renovation of Station 8 has concluded and those supplies can be moved. The evidence room will then remain a stand alone room specifically for evidence. Firefiles has the capability to track all evidence, however an Excel Spreadsheet will be developed to support all evidence in existence and track its location. An evidence evaluation/destruction plan will be developed to occur annually. It should be noted that probably 99% of evidence held is in the form of fire debris. The Unit does not collect firearms, jewelry, money, or other tangible items except for perhaps clothing that may identify a suspect.

Estimated Date of Completion:

30 June 2008

5. Uniform Crime Reporting Program:

Recommendation:

Fire Investigations should report these discrepancies to Public Safety.

Fire Investigations is in the process of converting to FireFiles software for their investigation case files. The software features report creation capabilities that will enable them to produce performance reports relating to their cases. Fire Investigations should test the accuracy of the FireFiles performance reports by calculating their manual arson statistics and comparing the results to arson statistics reports generated by FireFiles. Any differences between the two reporting systems should be reconciled and issues with the FireFiles reports should be resolved. Once it has been determined that the FireFiles reports accurately represent arson statistics, Fire Investigations can completely convert to the FireFiles performance reporting process.

Management Action Plan:

The Firefiles monthly report query program is being built and awaiting upgrade. Manual statistics will continue with a careful reconciliation regarding end of the month data.

Estimated Date of Completion:

30 June 2008

6. Arson Incident Performance Indicator:

Recommendation:

Fire Investigations should adjust the errors noted above relating to the *summarized annual arson incidents cleared by arrest statistics*. In addition, the multi-year arson clearance percentage should be calculated using a single average for the entire period.

Management Action Plan:

Any discrepancies in the UCR Data will be reported to the Department of Public Safety.

Estimated Date of Completion:

30 June 2008

7. Bomb Squad Response Time Performance Indicator:

Recommendation:

To provide useful bomb squad response information, the bomb squad response time reporting should include the following:

- Include only the response time for the first investigator who responds to each incident,
- Establish response time areas based upon specific geographical areas and separately report response times for each area,
- Track calls that represent a public safety hazard for which immediate response is critical. Separately report these critical calls from non-critical calls, and
- Reinforce the need for investigators to notify Dispatch of their on-scene arrival time.

Management Action Plan:

Will develop a policy for that reflects emergency and non emergency responses for the bomb squad that will include coding for the Fire Alarm Office which will be built into the C.A.D.

Estimated Date of Completion:

30 June 2008

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

Discussion and possible action on Durango Hills Community Center Contract Compliance Audit (1602-0708-06)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To review the audit report Durango Hills Community Center Contract Compliance Audit (1602-0708-06). This audit was a "special request" by the City Manager's Office.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Durango Hills Community Center Contract Compliance Audit (1602-0708-06)



CITY AUDITOR'S OFFICE



DURANGO HILLS COMMUNITY CENTER CONTRACT COMPLIANCE AUDIT

Report No. CAO 1602-0708-06

February 22, 2008

**RADFORD K. SNELDING, CPA, CIA, CFE
CITY AUDITOR**

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	1
SCOPE AND METHODOLOGY	1
CONCLUSIONS, FINDINGS AND RECOMMENDATIONS.....	2
1. Vending and Concessions.....	4
2. Written Notification of Intent to Renew Agreement.....	5
3. Ten Percent City Usage of the Center	6
4. Fee Analysis and Approval Process	7
5. Financial Analysis of Contractor Records	8
6. Advertisements and Marketing.....	9
7. City Bank Account.....	11
8. YMCA Contractor Compliance	12
9. Safety Monitoring	13
10. Operating Reserve	14
11. General Liability Certificate of Insurance	15
12. Other Governmental Permits	17
13. Utility Cost Monitoring	18
14. Energy Management	19
15. Document Tracking and Storage Process	20
Management Response	22

**DURANGO HILLS COMMUNITY CENTER
CONTRACT COMPLIANCE AUDIT
CAO 1603-0708-06**

BACKGROUND

The City of Las Vegas (City) owns the Durango Hills Community Center (Center), a 45,000 square foot community center with an adjoining pool at 3521 North Durango Drive, Las Vegas, Nevada. The Young Men's Christian Association of Southern Nevada (YMCA) was selected to operate and manage the Center. The original Operating Agreement (Agreement) between the City and the YMCA was signed on February 5, 2003 for an initial five year period with two three-year renewal options. The initial five-year period ends on January 21, 2008.

In May 2007, there was a change in the City staff member assigned to monitor compliance with the Agreement. This person is identified in this report as the Project Manager. The City Manager's Office requested that the City Auditor complete an audit of the City's and YMCA's compliance with the Agreement provisions.

OBJECTIVES

The audit objective was to determine whether the City and the YMCA are in compliance with the Agreement provisions.

SCOPE AND METHODOLOGY

The scope of the audit was limited to verifying compliance by City staff and the YMCA for the period of January 1, 2006 through August 31, 2007. This audit did not include an audit of the Bureau of Land Management's (BLM) monitoring of the Agreement or the YMCA's correspondence with the BLM. Our last fieldwork date was November 16, 2007.

The scope of our work on internal control was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable guidelines,
- Interviews of City and YMCA personnel,
- Observations of work processes, and
- Analysis and detail testing of available data.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

We identified the following issues during the Durango Hills Community Center Contract Compliance Audit:

- ***Vending and Concessions (Finding 1):*** Issues relating to compliance with NRS 426 have not yet been resolved.
- ***Written Notification of Intent to Renew Agreement (Finding 2):*** Although verbal discussions occurred between the City and the YMCA, neither party notified each other in writing of their intent to renew the Agreement 180 days prior to the expiration of the initial Agreement term
- ***Ten Percent City Usage of Center (Finding 3):*** Neither the City nor the YMCA track the City's percentage usage of the Center.
- ***Fee Analysis and Approval Process (Finding 4):*** City staff members have not formally defined what are considered to be reasonable fees charged by the Center in comparison to other facilities. The City's fee analysis is time consuming and subjective.
- ***Financial Analysis of Contractor Records (Finding 5):*** While City staff members prepare a comparison of the Center's financial information to the Veterans Memorial Community Center; we were unable to identify any evidence of a routine analytical review of the Center's financial information.
- ***Advertisement and Marketing (Finding 6):*** The YMCA has not been submitting all advertising and marketing materials to the City for approval and the materials did not all include language stating that the Center is a City-owned facility.
- ***City Bank Account (Finding 7):*** City staff members do not monitor the City bank account used by the YMCA for the Center's operations.
- ***YMCA Contractor Compliance (Finding 8):*** The YMCA does not have policies in place to ensure that their suppliers and subcontractors are in compliance with the Equal Opportunity, Americans with Disabilities, and Drug Free Workplace Acts.
- ***Safety Monitoring (Finding 9):*** The City has not implemented procedures to ensure that the YMCA conforms to all safety regulations.
- ***Operating Reserve (Finding 10):*** The YMCA was unable to provide us with documentation showing that the Certificate of Deposit for the operating reserve is restricted. City staff members are not verifying that this operating reserve exists and is restricted.

- ***General Liability Certificate of Insurance (Finding 11):*** The general liability certificate of insurance does not include all required information. We were unable to identify any evidence that City staff members are reviewing the insurance certificates for compliance with the Agreement provisions.
- ***Other Governmental Permits (Finding 12):*** We were unable to substantiate that current pool health and boiler/pressure vessel operating permits have been issued.
- ***Utility Cost Monitoring (Finding 13):*** In accordance with Amendment 1 to the Agreement, the City reimburses the YMCA for the Center's utility costs. These utilities are not included in the City's utility usage and cost monitoring program.
- ***Energy Management (Finding 14):*** The YMCA could more effectively identify energy management issues and improve the energy efficiency of its HVAC equipment.
- ***Document Tracking and Storage System (Finding 15):*** There is not a formalized central document tracking and storage process for monitoring the Agreement.

Further information is contained in the sections below.

1. Vending and Concessions

Criteria

Section 102 Description of the Contract Area

The building in the Contract Area has facilities for the following:...concession area and vending machines which shall be in compliance with NRS 426.640 through 426.680.

Nevada Revised Statute (NRS) 426.640 Operation of vending stand on public property and property of State Park System by blind person: Purposes; license.

For the purposes of providing blind persons with remunerative employment, enlarging the economic opportunities of blind persons and stimulating blind persons to greater efforts to make themselves self-supporting with independent livelihoods, blind person licensed under the provisions of NRS 426.630 to 426.720, inclusive, by the Bureau:

- 1. Have priority of right to operate vending stands in or on any public buildings or properties where the locations are determined to be suitable, pursuant to the procedure provided in NRS 426.630 to 426.720.***

Permit Agreement between Public Agencies: State of Nevada Rehabilitation Division Bureau of Services to the Blind and Visually Impaired Nevada Business Enterprise Program and the City of Las Vegas

- 1. General The City grants to the Bureau the right for an Operator, or Operators, as defined in NRS 426.630(1), to place vending machines on City-owned property, subject to the provisions of this Agreement....This grant is limited to vending machines and does not extend to live concessions, whether fixed or mobile.***

Condition

The Center has several vending machines and a pool snack bar operated by outside contractors.

YMCA management represented to us that they have periodically had conversations with City staff members relating to their compliance with NRS 426. However, they have not received direction from the City on any required actions to comply considering they are a non-profit organization operating in a public building.

On February 2, 2006, the City executed an agreement with the Bureau of Services to the Blind and Visually Impaired (Bureau of the Blind) to place vending machines on City owned properties. A City staff member indicated that the Center was granted a verbal rather than a written waiver to this agreement thereby allowing the Center to enter into vending contracts with other vendors. This waiver did not extend to concession stands operated at the Center.

Cause

Unresolved issues with the Bureau of the Blind.

Effect

Potential for non-compliance with NRS 426.

Recommendation

The Project Manager should coordinate with Purchasing and Contracts to address the unresolved issues related to the Center's compliance with NRS 426 and provide direction to the YMCA.

2. Written Notification of Intent to Renew Agreement

Criteria

Section 201 Term and Renewal

*Within One Hundred Eighty (180) days prior to the expiration of the initial term or within One Hundred Eighty (180) days prior to the expiration date of each renewal period, each party shall **notify the other in writing** of its intent to renew this Agreement. If either party declares its intent not to renew, said party, within its notice of intent, shall advise the other party of the reasons it does not intend to renew.*

Condition

While verbal discussions occurred between the City and the YMCA, neither party complied with the requirement to notify each other in writing of their intent to renew the Agreement 180 days prior to the expiration of the initial Agreement term.

Both parties subsequently notified each other in writing of their intent to renew the Agreement.

Cause

Parties failed to comply with this Agreement provision.

Effect

Non-compliance with Agreement provision.

Recommendation

The Project Manager should develop a method for monitoring compliance with important deadlines within the Agreement.

3. Ten Percent City Usage of the Center

Criteria

Section 305 User fees, Program Schedule, and Budget

The Contractor shall cooperate with the City for not less than ten percent (10%) joint-use scheduling of the Center and not less than ten percent (10%) physical usage of the Center, subject to operational constraints and limitations. The Contractor agrees that the City's ten percent (10%) of joint-use schedule shall be made available during the Center's operational hours or other hours as requested by the City. Contractor agrees that the City may schedule special events with ten days advance notice. The Contractor may also provide use of the Center to community organizations; however, the use by community organizations shall not apply towards the City's ten percent (10%) joint use schedule.

Condition

The YMCA rents out their rooms for birthday parties and for use by various community organizations. The City uses the facility for a regular senior fitness class, periodic town hall meetings, and special events. No fees are charged to the City for these uses. In addition, neighborhood-based associations registered with the City are permitted to use the Center free of charge for their meetings. The YMCA considers use of the Center by these neighborhood-based associations to be City usage.

The following is a summary of usage information for the twelve months ended December 31, 2006 and the eight months ended August 31, 2007 compiled from the Center's room rental schedule and discussions with personnel:

Organization	2006	2007 ☐
City Usage	28 hours*	8.5 hours*
City-sponsored Senior Fitness Classes	On average, 5 hours per week	
Neighborhood-based Associations	86 hours*	118 hours*

☐ Represents eight months ended August 31, 2007.

* Represents total hours calculated for the period.

While the YMCA tracks their room reservations on spreadsheets for both paying and non-paying organizations, neither the YMCA nor the City track the City's percentage usage. YMCA Management stated that they make every effort to accommodate City and neighborhood-based association usage of the Center regardless of the 10 percent usage requirement. The City has not requested that this information be tracked and this has become the established practice.

The Agreement does not stipulate the methodology to be followed in tracking the City's percentage usage of the Center (i.e., should the percentage be based on total Center operating hours or total available room hours?).

Cause

This provision is not well defined in the Agreement and therefore, the accepted practice has been to not track the percentage usage of the Center by the City.

Effect

The City's percentage usage of the Center is unknown.

Recommendation

The Project Manager should:

- Evaluate whether the YMCA and/or City should track the City's percentage usage of the Center.
- If the decision is made to track City usage, work with the YMCA to establish a methodology for determining the City's percentage usage of the Center.
- Request that the YMCA summarize the total hours of usage of the City and registered neighborhood-based associations and submit this monthly to the City.

4. Fee Analysis and Approval Process

Criteria

Section 305 User Fees, Program Schedule, and Budget

*The City shall have final approval of the Fee Schedule...The Contractor and the City agree that no more than a **reasonable charge** may be imposed or collected for the use of the Center and that any and all fees or charges for Contractor use of the Center and its facilities may **not exceed fees or charges imposed by other comparable installations**.*

Condition

The YMCA submits the Center's fee changes to the City for approval. The Project Manager prepares a comparison of these fees to those of Leisure Services and identifies changes in fees from the prior year.

The Agreement is vague in its requirement that the fees must be *reasonable* and should *not exceed that of other comparable installations*. The fee structures, programs, and length of programs of the YMCA and Leisure Services are not all comparable. City staff members have not formally defined what are considered to be reasonable charges. These factors make the review of fees a time consuming and subjective analysis.

Cause

Vague language in the Agreement.

Effect

The fee analysis completed by City staff members is time consuming and subjective due to the differences in fee structures, programming, and length of programs sessions.

Recommendation

The Project Manager should:

- Re-evaluate how the fee analysis is completed including what program fees the City is most interested in comparing.
- Identify what other City staff members should participate in this analysis.

5. Financial Analysis of Contractor Records

Criteria

Section 306 Contractor Operating Records

The Contractor shall prepare and submit annual profit and loss statements as well as any incidental financial or operating statements as deemed necessary by the City and as the normal course of operation shall dictate.

Condition

The YMCA submits the Center's monthly income statements to the City. The City's Department of Finance and Business Services (Finance) uses this information to prepare spreadsheets comparing the operations of the Center to the Veterans Memorial

Community Center (a center operated by the City with the same building footprint). Various adjustments are made to each center's financial information in an attempt to compensate for differences in the operations of the two community centers. There are flaws in methodology and inconsistencies in how these comparison spreadsheets are prepared.

While the Center's financial information is compiled in these comparison spreadsheets, we were unable to identify any evidence of a routine analytical review of the Center's financial information.

Cause

- Considering the outsourcing of the operations of the Center was a new concept for the City, Finance's focus has been on preparing a comparison of the financial information for the two community centers rather than focusing on the Center's financial performance.
- The methodology used to prepare the comparison and the relevance of the information provided has not been recently evaluated.

Effect

Staff resources may not be used effectively and the comparison may not be providing relevant information.

Recommendation

The Project Manager should work with Finance to evaluate how to best analyze the monthly financial information provided to the City. If a decision is made to continue with the comparison of the two community centers, the flaws in methodology and inconsistencies should be addressed.

6. Advertisements and Marketing

Criteria

Section 310 Advertisements and Marketing

*Prior to printing, producing and/or disseminating **any** written, audio-visual and/or audio communications, advertisements and other marketing materials, the Contractor agrees to submit to the City the proposed communication, advertisement or material for approval.*

The Contractor and the City shall mutually agree upon Center advertisements, exterior and interior signage, brochures, newsletters, promotional publicity, and other marketing

materials. The advertisements and other marketing materials shall contain language that clearly states that the Center is a City-owned facility which is operated by the Contractor...Communication produced or distributed by the Contractor or City shall convey a consistent message of cooperation to the public.

Condition

The YMCA submits their seasonal program guides to the City for review and approval. These guides are reviewed by Leisure Services and Office of Communication staff members. Other advertising and marketing materials are not submitted to the City as required by the Agreement.

At our request, the YMCA provided us with copies of their 2006 and 2007 advertising and marketing materials that were not reviewed by City staff members:

- 11 newspaper advertisements
- 2 annual reports
- 5 “The Y Investor” (the donor newsletter)
- 7 “A Word from the Y” (the member newsletter)

Each one of these advertising and marketing materials included the name and address of the Center, however, only one of them contained language that states the Center is a City-owned facility as required in the Agreement provision.

Cause

The accepted practice for the City is to only review the seasonal program guides.

Effect

Without the City reviewing all advertisements and marketing materials, there is no assurance that these materials comply with the provisions of the Agreement.

Recommendation

The Project Manager should:

- Clarify what advertising and marketing materials the YMCA should submit to the City.
- Identify which city staff members should review the advertising and marketing materials and define the objectives of their review.

7. City Bank Account

Criteria

Section 311 Deposits and Draw Downs

The Contractor shall deposit all funds collected from the operation of the Center including, but not limited to, user fees, program fees and other fees or charges, in to an account established by the city ("City Account"). Subject to appropriate authorizations designated by the City, the Contractor shall be authorized to draw down funds that are available in the City Account and deposit such funds into the Contractor's operating account. In no event shall the Contractor draw funds from the City Account which exceed the amount available. Each month, the Contractor shall submit to the City an itemization of all activity in the City Account.

Condition

The following issues were identified in a review of the January 1, 2006 through August 31, 2007 bank statements of the City Account used by the YMCA for the Center's operations:

- The City Account had a negative balance on seven days.
- Automatic drafts for monthly membership fees are processed through the YMCA's main operating account rather than through the City Account. This is not in accordance with the Agreement.
- The YMCA submits monthly income statements to the City as their *itemization of all activity in the City Account*. These income statements include financial activity in both the City Account and the YMCA's main operating account. However, the income statements do not specify the source of the activity. Without this information, Finance would be unable to evaluate the completeness of the provided monthly income statements.
- The signature card for the City Account included the name of a former YMCA Board Member.
- While the City Account is a joint account between the City and the YMCA, the signature card did not include any City representatives.

Cause

Lack of monitoring of City Account.

Effect

Non-compliance with Agreement provisions.

Recommendation

The Project Manager should:

- Coordinate with Finance to establish monitoring procedures for the City Account.
- Determine if additional information should be provided by the YMCA.
- Ensure that the signature card is updated and remains current.

8. YMCA Contractor Compliance

Criteria

Section 402 Equal Opportunity, Americans With Disabilities Act and Drug Free Workplace Act

*The Contractor shall also be familiar with and adhere to the specific provisions of the Americans With Disabilities Act of 1990 relating to Title I, Employment, and Title II, Public Services, and Drug Free Workplace Act. Additionally, **the Contractors will ensure that any suppliers or subcontractors functioning under this Agreement shall also be in compliance with the aforementioned titles.***

Condition

According to YMCA management, they have no policies in place to ensure that their suppliers and subcontractors are in compliance with these Acts.

Cause

This provision has not been addressed by YMCA management.

Effect

Non-compliance with Agreement provision.

Recommendation

The Project Manager should work with YMCA management to evaluate how to satisfy this Agreement provision.

9. Safety Monitoring

Criteria

Section 501 Safety Regulations

The Contractor shall conform to all safety regulations, i.e., O.S.H.A. and N.O.S.H.A. requirements covering such premises in effect at any time during the performance of the Agreement. The Contractor agrees to take all necessary steps and precautions to prevent accidents and preserve the life and health of its employees performing or in any way coming in contact with performance of this Agreement on such premises.

Condition

Since the execution of the Agreement, the City has not implemented procedures to monitor the YMCA's compliance with the Agreement provisions requiring the YMCA to conform to all safety regulations.

During the audit, we requested that the City's Safety Officer complete a safety inspection of the Center. Various minor safety hazards were identified. The Safety Officer issued a report of her findings on October 25, 2007.

Cause

City staff never established procedures to verify the YMCA's conformance to safety regulations.

Effect

- The City has no assurance that the Center conforms to all safety regulations.
- The YMCA may not be aware of certain safety issues.

Recommendation

The Project Manager should:

- Request that the City's Safety Officer conduct periodic safety inspections of the Center and forward him copies of her findings.
- Coordinate follow-up on the identified findings to ensure proper resolution.

10. Operating Reserve

Criteria

Section 503 Operating Reserve

Contractor shall maintain throughout the term of this Agreement an operating reserve (hereinafter referred to as “Operating Reserve”) during Agreement in the principal sum of Twenty-Five Thousand Dollars (\$25,000). The Operating Reserve shall guarantee performance of each term and condition of this Agreement, and in the event of any breach of this Agreement, the amount thereof shall be recoverable by the City for all damages resulting from failure of the Contractor to well and faithfully perform and observe any and all provisions of this Agreement.

The Agreement stipulates that the YMCA can select one of three options for establishment of an operating reserve. The YMCA selected the following option:

*A deposit of cash in the amount of Twenty-Five Thousand Dollars (\$25,000) in a **restricted** Certificate of Deposit drawn against the account of the Contractor on such bank as the City shall approve, **allowing for withdrawal only upon written consent of the City**. All interest earned on such Certificate of Deposit shall be the property of the Contractor.*

Condition

The YMCA was unable to provide us with documentation showing that the Certificate of Deposit for the operating reserve is restricted as required by the Agreement.

City staff members are not verifying that this operating reserve exists and is restricted as required by the Agreement.

Cause

Lack of oversight of Agreement provision.

Effect

Operating reserve may not be established in compliance with the Agreement provisions.

Recommendation

The Project Manager should:

- Request that the YMCA provide the City with documentation showing that the operating reserve is restricted in accordance with the Agreement.

- Establish annual procedures to verify the continued existence of this operating reserve and the required restriction.

11. General Liability Certificate of Insurance

Criteria

Section 504 Insurance

The Contractor shall procure and maintain continuously in effect during the term of this Agreement policies of insurance of the kind and amount as follows:

- 1. The contractor shall procure and maintain insurance of the kind and amount sufficient to cover any liability of the Contractor under the Industrial Insurance laws, NRS Chapter 626, of Nevada.*
- 2. The Contractor shall procure and maintain comprehensive or commercial general liability insurance, including broad form endorsement and stop-gap (employer's liability endorsements) in minimum amounts of Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) annual aggregate combined single limit for personal injury, including death, and for property damage. Coverages thereunder shall include premises and operations liability, contractual liability, personal injury, owner's and contractors' protection, elevator liability, employer's liability, projects and completed operations coverage.*

*Such insurance shall provide that **the City and the United States are named additional insured.***

Section 505 General Insurance Requirements

Contractor shall furnish the City and BLM policies evidencing all such insurance or a certificate or certificates of the respective insurers, stating that such insurance is in force and effect.

*All policies or certificates of insurance **shall be approved and determined by the City whether in compliance with this Agreement.***

The Contractor shall provide the City and BLM with a certificate of insurance or other proof of insurance evidencing the Contractor's compliance with the requirements of this paragraph and shall file such proof of insurance with the City's Risk Management Office.

*Each insurance company's rating as shown in **the latest Best's Key Rating Guide shall be fully disclosed and entered on the required certificate of insurance.** The adequacy of*

*the insurance supplied by the Contractor, including the rating and financial health of each insurance company providing coverage, is subject to the approval by the City. The City requires insurance carriers to **maintain a Best's Key rating of A VII or higher.***

Contractor shall furnish renewal certificates for the required insurance during the period of coverage required by this Agreement.

***The City, the United States and their officers, employees, and volunteers must be expressly covered as insured** with respect to liability arising out of the activities by or on behalf of the named insured in connection with this project, excluding professional liability insurance.*

*All deductibles and self-insured retentions **shall be fully disclosed in the Certificate of Insurance.***

Condition

The YMCA's current certificate of insurance (certificate) for their general liability insurance coverage is in effect from July 1, 2007 through June 30, 2008. The following issues relating to this certificate were identified:

- The umbrella liability coverage amounts that bring the YMCA's coverage amounts into compliance with the required amounts under the Agreement are not identified on the certificate.
- The BLM is not identified as an insurance certificate holder by the YMCA's insurance broker.
- The insurance company's Best's Key Rating is not entered on the certificate.
- No verbiage exists on the certificate stating that the City, the United States and their officers, employees, and volunteers are covered as insured with respect to liability arising out of the activities by or on behalf of the named insured in connection with this project, excluding professional liability insurance.
- While there is no deductible related to the liability insurance, this is not disclosed on the certificate.

The YMCA's insurance broker stated that insurance renewal certificates are being sent to the City. However, we were unable to identify city staff members who are receiving and maintaining the certificates. The City's Insurance Services Division of the Department of Human Resources (identified as the Risk Management Office in the Agreement) has not been receiving the insurance certificates. We were unable to identify any evidence that City staff members are reviewing the insurance certificates for compliance with the Agreement provisions.

Cause

- The provisions of the Agreement do not appear to have been communicated by the YMCA to their insurance broker.
- Lack of oversight of these Agreement provisions.

Effect

Non-compliance with Agreement provisions.

Recommendation

The Project Manager should:

- Request that the YMCA provide the City with a current certificate of insurance that complies with the Agreement provisions.
- Request that the YMCA inform their insurance broker to send all future renewal certificates to the Project Manager.
- Establish procedures for receipt, review, and filing of all renewal certificates of insurance provided by the YMCA.
- Identify City staff members and/or outside resources who should be involved with this review.

12. Other Governmental Permits

Criteria

Section 506 City and Other Governmental Permits

The Contractor shall, at its own expense, secure or cause to be secured any and all permits which may be required by the City or any other governmental entity for the operation of the Center, including the Clark County Health District. The City shall exercise its best efforts to provide all assistance to the Contractor in securing these permits.

Condition

The YMCA is required to have a pool health permit from the Southern Nevada Health District (Health District), formally known as the Clark County Health District. The YMCA was only able to provide us with a pool health permit with an expiration date of June 30, 2007. The expired pool health permit was issued in the name of the City. In August 2007, the Health District issued a report stating the “YMCA of Southern Nevada is leasing this pool from the City and must apply for a change of ownership to get a new permit in their own name.”

The Center is also required to have five boiler/pressure vessel operating permits from the Nevada Department of Business and Industry Health. The permits provided had expiration dates of July 15, 2006. These expired permits were in the name of the City.

Inspections of the Center are periodically completed by the Health District and summarized in reports. The City has not been receiving these reports.

Cause

Lack of oversight of this Agreement provision.

Effect

- Uncertainty on whether current permits have been issued.
- The City is not being informed of regulatory compliance issues at the Center.

Recommendation

The Project Manager should:

- Request that the YMCA obtain and provide copies of current pool health and boiler permits in the name of the appropriate organization.
- Implement procedures to ensure that all operating permits remain current.
- Request that the YMCA forward copies of correspondence, permits, and reports from all governmental agencies relating to the operations of the Center.
- Review correspondence and reports from regulatory agencies to determine the impact on the operations of the Center and compliance with Agreement provisions.

13. Utility Cost Monitoring

Criteria

Routine monitoring and analysis of utility usage and costs can help identify significant or irregular activity that can be evaluated to identify problems or reduce utility costs.

Condition

In accordance with Amendment 1 to the original Agreement, the City reimburses the YMCA for the Center's utility costs (including power, gas, water, and sewer). The utility meters for the Center are in the name of the YMCA and they receive the utility bills. The YMCA sends a monthly invoice to Finance requesting reimbursement of their utility costs. This invoice is accompanied by copies of portions of the utility bill documentation

related to the Center. Finance compares the YMCA invoice to the supporting utility bills prior to payment.

The Facilities Management Division of the Field Operations Department has a Utilities Coordinator who monitors the usage and costs of utilities at City facilities. The Utilities Coordinator does not receive copies of the Center's utility bills and the Center's meters are not included in his utility monitoring.

Cause

When the City formally agreed to pay the Center's utility costs, City staff members did not implement procedures to regularly monitor the Center's utility usage and costs as is done with other City facilities.

Effect

Without regular monitoring of the Center's utility usage and costs, significant or irregular changes that may indicate equipment problems or energy management issues will not be identified and addressed.

Recommendation

The Project Manager should:

- Request that the Utilities Coordinator monitor the utility usage and costs at the Center; identify significant changes, and follow-up as deemed appropriate.
- Evaluate the feasibility of having the Center's utility meters transferred to the City thereby allowing the City to receive the complete utility bills and make payment directly to the utility companies.

14. Energy Management

Criteria

Effective energy management requires proper monitoring of the settings of HVAC (Heating, Ventilation, and Air-Conditioning) equipment.

Condition

The audit included an inspection of the Center with technicians from the City's Facilities Division of the Department of Field Operations. During this inspection, YMCA management informed us that it is difficult to regulate the temperature of the rooms within the Center. The City technicians concluded that the YMCA could more effectively identify energy management issues and improve the energy efficiency of its

HVAC equipment through the use of Direct Digital Control software (DDC). The City uses DDC software at its facilities to regulate and monitor the settings of its HVAC equipment.

Cause

The technical instructions and equipment for monitoring the Center's HVAC system are not currently available to Center staff members.

Effect

Energy management deficiencies impact the Center's utility costs that are being paid by the City.

Recommendation

The Project Manager should:

- Work with the City's Facilities Maintenance Division to assist the YMCA Management more effectively and timely identify energy management issues and improve the energy efficiency of the Center's HVAC system.
- Evaluate the feasibility of having City technicians conduct periodic maintenance inspections of the Center to monitor compliance with the maintenance provisions.

15. Document Tracking and Storage Process

Criteria

Efficient and effective contract oversight requires identification of where correspondence from contractors should be sent and a central document tracking and storage process.

Condition

The YMCA submits various documentation (paper and electronic) to the City to comply with the Agreement provisions. These documents are not being stored in a central location and a document receipt log is not maintained. In our search for certain documents, we could not determine with assurance whether they had been provided to the City. Also, it is not always clear which City staff members need copies of submitted documentation.

Cause

There is no formalized central document tracking and storage process for monitoring the Agreement.

Effect

No assurance that all required documents are being submitted by the YMCA and challenges in verifying compliance with the Agreement.

Recommendation

The Project Manager should:

- Provide the YMCA a listing of each document that should regularly be submitted to the City and the names and addresses of City staff members who should receive copies of these documents.
- Instruct the YMCA to copy him on all correspondence.
- Establish a formalized central document tracking and storage process for the Agreement.

Management Response

1. Vending and Concessions

Recommendation:

The Project Manager should coordinate with Purchasing and Contracts to address the unresolved issues related to the Center's compliance with NRS 426 and provide direction to the YMCA.

Management Action Plan:

The Purchasing and Contracts Manager has been contacted regarding this issue. The manager indicates that a letter will be sent to the YMCA explaining their exemption from this statute. The YMCA is exempt from the statute as they are a non-profit organization.

Estimated Date of Completion:

March 2008.

2. Written Notification of Intent to Review Agreement

Recommendation:

The Project Manager should develop a method for monitoring compliance with important deadlines within the Agreement.

Management Action Plan:

The Project Manager has worked with the Finance & Business Services Department, YMCA Fiscal Project Lead, to establish a calendar of events that includes important deadlines to which the Project Manager will hold both the City and the YMCA accountable. Important deadlines in the contract relate only to the contract expiration date which will be documented.

A calendar of dates has been created and shared with the YMCA. Deadlines of note include:

June and December of every year: The City will provide a safety inspection and will request a follow-up report filed by the YMCA within a one month period.

June of every year: The City will ensure the YMCA has updated all documentation outlined in the following recommendations.

Quarterly: The City will provide maintenance inspections of the facility and subsequent reports to the Project Manager and the YMCA detailing the report findings.

Estimated Date of Completion:

This item has been completed.

3. Ten Percent City Usage of the Center

Recommendation:

The Project Manager should:

- Evaluate whether the YMCA and/or City should track the City's percentage usage of the Center.
- If the decision is made to track City usage, work with the YMCA to establish a methodology for determining the City's percentage usage of the Center.
- Request that the YMCA summarize the total hours of usage of the City and registered neighborhood-based associations and submit this monthly to the City.

Management Action Plan:

This issue has been addressed with the amendment to the Durango Hills YMCA Contract. The amendment modifies original contract language that required documentation. New language in the contract allows the City to use the facility at no cost and with no time limitation. This scheduling will occur via the Leisure Services Department for Leisure Services related activities or through the Project Manager if City related. Neighborhood Associations and other community groups will still schedule time and space directly with the YMCA. The YMCA will be encouraged to track the use of the facility.

Estimated Date of Completion:

This item has been completed.

4. Fee Analysis and Approval Process

Recommendation:

The Project Manager should:

- Re-evaluate how the fee analysis is completed including what program fees the City is most interested in comparing.
- Identify what other City staff members should participate in this analysis.

Management Action Plan:

- The City will continue to collect and analyze the information provided by the YMCA about the YMCA fee structure. As the City is interested in all of the fees the YMCA charges and is responsible for approving the YMCA fee structure, all fees will be analyzed on a regular basis. Comparisons will be made on an as needed basis.
- The Project Manager will collect the information and send it to the Leisure Services Department staff for review.

Estimated Date of Completion:

March 2008.

5. Financial Analysis of Contractor Records

Recommendation:

The Project Manager should work with Finance to evaluate how to best analyze the monthly financial information provided to the City. If a decision is made to continue with the comparison of the two community centers, the flaws in methodology and inconsistencies should be addressed.

Management Action Plan:

The Project Manager has requested that the YMCA supply the following information on a monthly basis:

- Profit and Loss Statement (Already submitted monthly)
- Revenue Statements
- Membership Reports
- Bank Reconciliation Reports

The Fiscal Project Lead in the Finance & Business Services Department will conduct a monthly review of all documents to ensure that the YMCA is reporting accurately.

All documents requested will be sent directly to the Project Manager and forwarded to the Project Lead in the Finance & Business Services Department.

Estimated Date of Completion:

The YMCA will begin sending the requested documents in March 2008.

6. Advertisements and Marketing

Recommendation:

The Project Manager should:

- Clarify what advertising and marketing materials the YMCA should submit to the City.
- Identify which city staff members should review the advertising and marketing materials and define the objectives of their review.

Management Action Plan:

- It has been determined that all marketing materials produced about the Durango Hills YMCA should be submitted to the City.
- The Office of Communications will review the advertising and marketing materials for the inclusion of the logo and name of the City of Las Vegas as well as a grammar and punctuation review to ensure consistency.

Estimated Date of Completion:

This process has been implemented.

7. City Bank Account

Recommendation:

The Project Manager should:

- Coordinate with Finance to establish monitoring procedures for the City Account.
- Determine if additional information should be provided by the YMCA.
- Ensure that the signature card is updated and remains current.

Management Action Plan:

- The Fiscal Project Lead will monitor the City's account on a monthly basis.
- In addition to the profit and loss statements, the YMCA will provide revenue statements, membership reports, and reconciliation reports.
- The YMCA will investigate and submit the appropriate documentation. The Fiscal Project Lead will ensure that the appropriate documentation is submitted on or before June 30 of every year.
- The City's Finance and Business Services Department will review and update, if needed, the signature card on or before June 30 of every year.

Estimated Date of Completion:

The request has been submitted to the YMCA and the documentation and review process will begin by March 2008.

8. YMCA Contractor Compliance

Recommendation:

The Project Manager should work with YMCA management to evaluate how to satisfy this Agreement provision.

Management Action Plan:

The agreement provision was removed in the amendment to the contract as it was deemed appropriate by the Purchasing and Contracts Division of the City of Las Vegas.

Estimated Date of Completion:

Complete.

9. Safety Monitoring

Recommendation:

The Project Manager should:

- Request that the City's Safety Officer conduct periodic safety inspections of the Center and forward him copies of her findings.
- Coordinate follow-up on the identified findings to ensure proper resolution.

Management Action Plan:

The City of Las Vegas Safety Officer has conducted a safety-inspection of the facility. The YMCA has responded by accepting the recommendations and following up with an action plan.

June and December of every year: The City will provide a safety inspection and will request a follow-up report filed by the YMCA within a one month period.

Estimated Date of Completion:

January 2008.

10. Operating Reserve

Recommendation:

The Project Manager should:

- Request that the YMCA provide the City with documentation showing that the operating reserve is restricted in accordance with the Agreement.
- Establish annual procedures to verify the continued existence of this operating reserve and the required restriction.

Management Action Plan:

- A letter has been sent to the YMCA requesting documentation showing that the operating reserve is restricted in accordance with the Agreement.
- The Fiscal Project Lead will ensure the appropriate documentation is submitted on or before June 30 of every year.

Estimated Date of Completion:

March 2008.

11. General Liability Certificate of Insurance

Recommendation:

The Project Manager should:

- Request that the YMCA provide the City with a current certificate of insurance that complies with the Agreement provisions.
- Request that the YMCA inform their insurance broker to send all future renewal certificates to the Project Manager.
- Establish procedures for receipt, review, and filing of all renewal certificates of insurance provided by the YMCA.
- Identify City staff members and/or outside resources who should be involved with this review.

Management Action Plan:

- A request has been made to the YMCA to provide a current certificate of insurance that complies with the Agreement provisions.
- A request has been made to the YMCA to inform their insurance broker to send all future renewal certificates to the Project Manager.
- The Project Manager will work with the City's Safety/Loss Prevention Officer to ensure that all renewal certificates of insurance provided by the YMCA will be reviewed on or before June 30 of every year.

Estimated Date of Completion:

March 2008.

12. Other Governmental Permits

Recommendation:

The Project Manager should:

- Request that the YMCA obtain and provide copies of current pool health and boiler permits in the name of the appropriate organization.
- Implement procedures to ensure that all operating permits remain current.
- Request that the YMCA forward copies of correspondence, permits, and reports from all governmental agencies relating to the operations of the Center.
- Review correspondence and reports from regulatory agencies to determine the impact on the operations of the Center and compliance with Agreement provisions.

Management Action Plan:

- A letter will be sent to the YMCA requesting that all appropriate health and boiler permits be transferred into the City's name. Field Operations staff and the City's Safety/Loss Prevention Officer will ensure the timely renewal of such permits.
 - A meeting with representatives from the YMCA, City, and applicable regulatory agencies may be set up in order to determine how the permits should read.
- The status of the permits will be checked on or before June 30 of each year.
- A letter will be sent to the YMCA requesting that all correspondence, permits, and reports from all governmental agencies relating to the operations of the Center be forwarded to the Program Manager.
- All reports from regulatory agencies will be reviewed by the appropriate staff as determined by the Program Manager.

Estimated Date of Completion:

March 2008.

13. Utility Cost Monitoring

Recommendation:

The Project Manager should:

- Request that the Utilities Coordinator monitor the utility usage and costs at the Center; identify significant changes, and follow-up as deemed appropriate.

- Evaluate the feasibility of having the Center's utility meters transferred to the City thereby allowing the City to receive the complete utility bills and make payment directly to the utility companies.

Management Action Plan:

The YMCA has agreed to transfer all utility expenses into the name of the City of Las Vegas. This action will allow the City's Utility Coordinator to evaluate, on a regular basis, the energy consumption of the facility as is done with every other City facility. Significant increases in the energy consumption of the facility will be forwarded to the Project Manager for review and justification supplied by the YMCA.

Estimated Date of Completion:

March 2008.

14. Energy Management

Recommendation:

The Project Manager should:

- Work with the City's Facilities Maintenance Division to assist the YMCA Management more effectively and timely identify energy management issues and improve the energy efficiency of the Center's HVAC system.
- Evaluate the feasibility of having City technicians conduct periodic maintenance inspections of the Center to monitor compliance with the maintenance provisions.

Management Action Plan:

- The Deputy Director of Field Operations will coordinate the best and most efficient means of ensuring the YMCA purchases an energy management system that both the City and the YMCA can utilize. As previously indicated, the City's Utilities Coordinator will monitor energy consumption on a regular basis.
- The Field Operations Department will conduct quarterly maintenance inspections beginning in March 2008 and every quarter thereafter.

Estimated Date of Completion:

March 2008.

15. Document Tracking and Storage Process

Recommendation:

The Project Manager should:

- Provide the YMCA a listing of each document that should regularly be submitted to the City and the names and addresses of City staff members who should receive copies of these documents.
- Instruct the YMCA to copy him on all correspondence.
- Establish a formalized central document tracking and storage process for the Agreement.

Management Action Plan:

The Project Manager has coordinated with the Fiscal Project Lead a list of all documents that will be collected on a regular basis as indicated in the Management Action Plan associated with recommendation 2 and will forward the request to the YMCA.

All documents collected from the YMCA will be stored by the Project Manager and requested copies will be made available to the Project Lead in Finance & Business Services. The documents will be maintained via the City's document retention program.

Estimated Date of Completion:

Complete

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:

CITIZENS PARTICIPATION: Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come to the podium and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 24, 2008

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

Consent Discussion

SUBJECT:

ADJOURNMENT

