CITY OF LAS VEGAS AUDIT OVERSIGHT COMMITTEE
City Hall, 400 Stewart Avenue
Las Vegas, Nevada 89101
City Clerk's Conference Room
City of Las Vegas Internet Address: www.lasvegasnevada.gov

AGENDA

October 14, 2010
10:00 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 July 15, 2010

4. Discussion and possible action on Scheduled Meeting Dates: Thursday, February 10, 2011; Thursday, May 12, 2011; Thursday, August 11, 2011; and Thursday, November 10, 2011

5. General Report by the City Auditor

6. Discussion and possible action on the Annual Audit Recommendation Follow-up As Of June 30, 2010 (2600-1011-01)

7. Discussion and possible action on Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02)

8. Discussion and possible action on Audit of Leisure Services - Sport Fields Administration (1603-1011-03)

9. 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

10. ADJOURNMENT

Facilities are provided throughout City Hall for the convenience of disabled persons. 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

City of Las Vegas

Agenda Item No.: **1.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:
CALL TO ORDER

City of Las Vegas

Agenda Item No.: **2.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:
ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW

City of Las Vegas

Agenda Item No.: **3.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING

SUBJECT:
Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of July 15, 2010

City of Las Vegas — Agenda Item No.: **4.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

☐ **Consent** ☒ **Discussion**

SUBJECT:
Discussion and possible action on Scheduled Meeting Dates: Thursday, February 10, 2011; Thursday, May 12, 2011; Thursday, August 11, 2011; and Thursday, November 10, 2011

Fiscal Impact

☒ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
The purpose is to establish the quarterly Audit Committee Meetings for calendar year 2011.

This is required to be established during the 4th Quarterly meeting of the preceding year.

RECOMMENDATION:
Approval.

BACKUP DOCUMENTATION:
None

City of Las Vegas

Agenda Item No.: **5.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

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

City of Las Vegas

Agenda Item No.: **6.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

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, 2010 (2600-1011-01)

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, 2010 (2600-1011-01)

CITY AUDITOR'S OFFICE

ANNUAL AUDIT RECOMMENDATION FOLLOW-UP AS OF JUNE 30, 2010

Report No. CAO 2600-1011-01

September 22, 2010

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

Annual Audit Recommendation Follow-Up
As Of June 30, 2010
Report No. CAO 2600-1011-01
September 22, 2010

BACKGROUND

The City Auditor's Office has provided 1,201 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, 2010.

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:

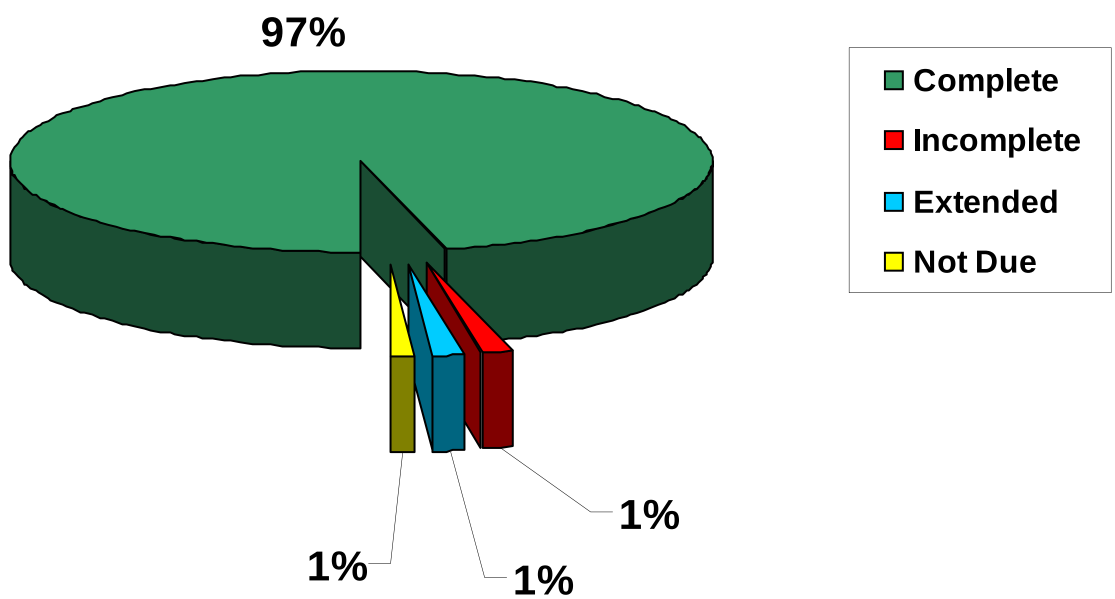
(green)	Complete	The recommendation has been implemented, some other action has been taken to effectively correct the deficiency, or other circumstances warrants a status of completion.
(red)	Incomplete	The recommendation has not been implemented.
(cyan)	Extended	The recommendation has not been implemented due to circumstances beyond the department's control.
(yellow)	Not Due	Due date identified by management has not passed.

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 chart and tables (pages 2 to 4) summarize the status of the audit recommendations in total and by department. Following the chart, 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.

1,201 Recommendations
January 1999 - June 2010



	COMPLETE	INCOMPLETE	EXTENDED	NOT DUE	TOTAL
	1,163	**12**	**11**	**15**	**1,201**
2009-2010	57	2	2	15	**76**
2008-2009	66	6	1	0	**73**
2007-2008	46	0	2	0	**48**
2006-2007	61	1	0	0	**62**
2005-2006	69	0	2	0	**71**
2004-2005	72	0	2	0	**74**
2003-2004	39	0	0	0	**39**
2002-2003	88	0	0	0	**88**
2001-2002	156	0	2	0	**158**
2000-2001	113	0	0	0	**113**
1999-2000	396	3	0	0	**399**

12 Incomplete Recommendations Summary

	Fiscal Year				
DEPARTMENT	**1999 - 2000**	**2006 - 2007**	**2008 - 2009**	**2009 - 2010**	**TOTAL**
Detention & Enforcement	--	--	1	--	**1**
Field Operations	--	--	4	--	**4**
Finance & Business Services	--	1	--	1	**2**
Fire & Rescue	--	--	1	--	**1**
Municipal Court	3	--	--	1	**4**
TOTAL	3	1	6	2	**12**

1,163 Complete Recommendations Summary

Fiscal Year

DEPARTMENT	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	TOTAL
AFI	--	--	11	--	--	--	--	--	--	--	--	11
Building and Safety	54	1	--	--	--	--	--	8	6	--	--	69
City Attorney	--	--	--	--	1	--	--	--	--	3	--	4
City Manager	14	8	1	5	6	9	--	--	--	--	--	43
Cultural Affairs	--	--	--	--	--	--	--	--	--	--	2	2
Detention and Enforcement	2	6	6	--	--	--	14	1	1	8	--	38
Field Operations	3	--	22	25	--	23	5	--	5	10	--	93
Finance and Business Services	43	31	44	26	2	6	3	11	4	5	10	185
Fire and Rescue	30	--	--	--	--	--	--	--	7	9	--	46
Human Resources	41	32	--	26	2	2	--	--	6	--	--	109
Information Technologies	83	--	37	--	--	4	--	10	--	--	--	134
Leisure Services	87	2	24	6	--	27	44	13	2	29	23	257
Municipal Court	31	10	--	--	--	--	3	1	--	--	3	48
Neighborhood Services	--	--	--	--	4	--	--	8	--	--	7	19
Office of Administrative Services	--	--	--	--	--	--	--	--	15	2	--	17
Office of Business Development	--	--	--	--	21	--	--	--	--	--	--	21
Office of Communications	--	--	--	--	--	--	--	9	--	--	--	9
Planning and Development	8	--	--	--	3	--	--	--	--	--	7	18
Public Works	--	23	11	--	--	1	--	--	--	--	5	40
TOTAL	396	113	156	88	39	72	69	61	46	66	57	1,163

DEPARTMENTAL AUDIT RECOMMENDATION FOLLOW-UP INDEX

DEPARTMENTAL AUDIT RECOMMENDATION FOLLOW-UP INDEX

DEPARTMENTAL AUDIT RECOMMENDATION FOLLOW-UP INDEX

FOLLOW-UP DETAIL: AUDIT RECOMMENDATIONS BY DEPARTMENT

Building and Safety **Due Date : 03/31/2008 Extended**

1 **0753 0708 01 Audit of Building and Safety**

03. Hansen Expired Permit Fee Assessment

Recommendation:

Building and Safety management should resolve the expired permit fee function deficiencies. Once the issues are resolved, the process should be documented and staff instructed of established procedures.

Management Action Plan:

- Problems with incorrect expiration of permits: This trigger has been disabled and is currently being re-designed by the Hansen Project Team
- As an interim solution, a new policy has been put in place that all permit renewals must go through a Supervisor for approval and pricing.

Auditor N. Beaty

Building and Safety **Due Date : *06/30/2008-R. 12/31/2007-O. Extended**

2 **0753 0708 01 Audit of Building and Safety**

06. Performance Reports

Recommendation:

Building and Safety management should develop and document more accurate methods for calculating monthly performance reports.

Management Action Plan:

- Data entry error and variance in reporting still to be resolved.
- Valuation report has some data entry problems which can be addressed once we are fully on Hansen by producing an automated report. A new valuation report will be available by the end of October ’07.
- A new cashiering system will be in place with Hansen by the end of November ’07.
A new revenue report will be generated from Hansen in December ’07 with a few additions from Legacy/Mainframe such as Sign permits, Express Inspections & Refees on existing Legacy permits. The new report will be cross-checked for accuracy against the existing Oracle reports in September and October.

Auditor N. Beaty

Incomplete : Not implemented.
Extended : Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

City Manager **Due Date : 07/01/2010 Not Due**

3 **2008 0910 12 Employee/Vendor File Review**

01. 01. Adherence to Existing Policy

Recommendation:

The City Manager's Office should coordinate an improved system of control that identifies and documents situations where employees contract or act as a vendor for the CLV.

Management Action Plan:

The City Manager's Office will coordinate with the Departments of Human Resources and Finance and Business Services the development of a policy that clearly identifies a policy direction consistent with relevant provisions within NRS. The Policy will outline a system of control and implementation procedures for employees and the individuals who will be responsible for reviewing any potential conflicts.

Auditor R. Snelding

City Manager **Due Date : 07/01/2010 Not Due**

4 **2008 0910 12 Employee/Vendor File Review**

02. 01. Conflicts of Interest

Recommendation:

The City Manager's Office should coordinate the design of a system of control that would identify and document situations where employee's relatives contract or act as a vendor for the CLV.

Management Action Plan:

The City Manager's Office will coordinate with the Departments of Human Resources and Finance and Business Services a system of control, including evaluation criterion and implementation procedures for any potential conflicts that may arise as a result of an employee's relative soliciting work or any type of payment from the City.

Auditor R. Snelding

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

City Manager — Due Date : 07/01/2010 — Not Due

5 **2008 0910 12** **Employee/Vendor File Review**

02. 02. **Conflicts of Interest**

Recommendation:

The City Manager's Office should coordinate the design of a system of evaluation with supporting documentation regarding the determination of independence or conflicts of interest with employees.

Management Action Plan:

The City Manager's Office will coordinate with the Departments of Human Resources, Finance and Business Services, and the City Attorney's Office a system that will support the implementation of policy changes identified in Action Plans 1.1 and 2.1.

Auditor **R. Snelding**

City Manager — Due Date : 07/01/2010 — Not Due

6 **2008 0910 12** **Employee/Vendor File Review**

03. 01. **CLV Business Licenses**

Recommendation:

Management should design and document a system of control that would identify those contracting with the CLV for obtaining a City Business License.

Management Action Plan:

The City Manager's Office will coordinate with the Department of Finance and Business Services the development of a system of control.

Auditor **R. Snelding**

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Detention and Enforcement **Due Date : 12/31/2009 Incomplete**

7 **1403 0809 05 Audit of Detention and Enforcement's Inmate Booking and Release Processes**

02. Controls over Funds Placed on Account for Inmates

Recommendation:

Detention and Enforcement management should implement the following management controls:
• The initial opening of inmate funds received should be completed by two individuals and recorded on a pre-list. A copy of the pre-list should be forwarded to an employee independent of the deposit process.
• The inmate funds and a copy of the pre-list should be forwarded to the Business Office to be used for the deposit and posting to the commissary system.
• Once the deposit is complete, the deposit documentation and a summary from the commissary system should be forwarded to the same third party noted above. This individual should complete a review of the documentation to ensure all funds collected have been deposited and posted to the correct inmate account in the commissary system.

Detention and Enforcement management in coordination with Finance and Business Services is researching the feasibility of outsourcing receipting inmate funds submitted through the mail and the drop box. If outsourced, Detention and Enforcement management should ensure that:
• the contract includes a right-to-audit clause,
• the entity is bonded,
• the computer system is adequately secured and appropriate backup procedures are in place, and
• they have established periodic monitoring procedures and reporting requirements.

Management Action Plan:

• The initial opening of inmate funds received will be completed by two officers and recorded on a pre-list. A copy of the pre-list will be forwarded to the Business Office Supervisor who is an employee independent of the deposit process. We are exploring the options on how to automatically generate the pre-list to reduce the human error factor. Offendertrak and Keefe are included in these options.
• Once the deposit is complete, the deposit documentation will be forwarded to the Business Office Supervisor. The Business Office Supervisor will reconcile the pre-list with the summary from the commissary system to ensure all funds collected have been deposited and posted to the correct inmate account in the commissary system.
• If for some reason the sealed money bag becomes unsealed at any point of the safekeeping, the money must be verified again by two people, resealed, and documented on the pre-list.

Auditor N. Beaty

Incomplete : Not implemented.
Extended : Not implemented due to circumstances beyond the department's control.
Not Due: Due date identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Field Operations — Due Date : 06/30/2005 — Extended

8 **1701 0405 05 Audit of Durango Hills Golf Course Management Contract**

07. 01. 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:

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 M. Mandolfo

Field Operations — Due Date : 06/01/2006 — Extended

9 **1702 0506 02 Audit of City Vehicle Replacement Program**

02. 01. 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:

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.

As we discussed, the use of a fleet specific Fleet Management software program, as opposed to the City's current Hansen Program, would make this an easier task to accomplish. Indeed, the consultant that was hired by the Auditing department was surprised that we use the Hansen program and advocated a canned fleet management program to replace it. Estimated cost of this type of program is $100,000. There are sufficient reserves in the Divisional operating budget to cover this expense. In the absence of this type of program, an internal review of vehicles and equipment's useful lives, though cumbersome under Hansen, would be utilized.

Auditor B. Smith

Field Operations **Due Date : 01/03/2006 Extended**

10 **1702 0506 02 Audit of City Vehicle Replacement Program**

02. 02. 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:

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.

Timetable: January 3, 2006

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Field Operations **Due Date : 09/15/2008 Incomplete**

11 **1703 0809 01 Audit of Sanitary Sewer System**

02. Spill Reporting Requirements

Recommendation:

Sewer Maintenance management working with the City's Public Works Environmental Division should seek clarification from NDEP on whether sewer stoppages without an overflow need to be included in the Quarterly SSO Report. If not needed, Sewer Maintenance should discontinue use of the SSO Report for documenting stoppages without an overflow and create an alternative means for documenting and monitoring these stoppages.

Sewer Maintenance management should create documented policies and procedures giving direction to their employees on how to comply with the Spill Reporting Policy. These policies and procedures should include guidance on the following areas:

- **staff member responsibilities**
- **proper completion of data fields on SSO Reports**
- **when to complete a 24-hour report and the required distribution of the report**
- **supporting documentation requirements**

Management Action Plan:

• In accordance with the definition of an SSO in the original reporting policy developed in conjunction with staff from the Nevada Department of Environmental Protection, which states that "SSO means any diversion, bypass, spill, overflow or discharge of untreated or partially treated wastewater from wastewater treatment, collection, or conveyance facilities under control of the permittee, other than through points of discharge identified in a discharge permit", staff will no longer report stoppages without overflows as an SSO. Instead full and partial stoppages will be tracked internally only, via the activity sheets described in Item 1, and a TBD graphical format (e.g., a map with color coded incidents, GIS layer input added in conjunction with PW staff).

• A SSO procedure will be compiled and all staff trained on response and documentation requirements and activities.

• The procedure will include 24-hour and 5-day report requirements, but primary responsibility for those activities will remain with the Division Manager, as these incidences will by nature have property damage and/or regulatory citation liabilities.

• Compilation of mitigation costs will be added to the SSO tracking.

Estimated Date of Completion:

• Identification of stoppages without overflows, in the SSO reporting submitted to NDEP, will be eliminated on July 1, 2008.

• Training and implementation of internal SSO response and documentation procedure will be implemented by September 15, 2008.

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Field Operations — Due Date : 03/01/2009 — Incomplete

12 **1703 0809 01** **Audit of Sanitary Sewer System**

03. **Clark County Permits**

Recommendation:

Sewer Maintenance management working with the City Attorney's Office and Public Works should enter into discussions with Clark County representatives to create an intergovernmental agreement giving them access to the city sewer lines running through Clark County land without the need for individual permits.

Management Action Plan:

• Previous S&S requests to have this issue addressed in associated agreements have been rejected by PW and CAO, so this will need to be a stand-alone agreement. The City will have little leverage with the County in any negotiations, and the County would likely prefer to treat the City similar to other utility providers (e.g., Nevada Power, Southwest Gas). Unless the City is willing to take a firm stance on this issue (e.g., no further connections until an agreement is executed), we may find the County uncooperative and/or unrealistic. Nonetheless S&S staff will work with County maintenance staff to draft an agreement for review by the respective Public Works and Attorney staffs.

Estimated Date of Completion:

• The draft will be forwarded for PW and CAO review and action by March 1, 2009.

Auditor **B. Smith**

Field Operations — Due Date : 05/01/2009 — Incomplete

13 **1703 0809 01** **Audit of Sanitary Sewer System**

08. **Performance Measurements**

Recommendation:

Sewer Maintenance management should:

• Evaluate the appropriateness and value of the current performance measurements being tracked.
• Evaluate whether additional performance measurements should be tracked.
• Document the definition and derivation of each performance measurement used.
• Ensure the performance measurement titles properly reflect the data being reported.

Management Action Plan:

• Identification of improved performance measurements will be considered during development of policies and procedures, with emphasis placed on quantitative cost-benefit analysis, productivity, and resource "leakage" due to external causes (e.g., support for other City Divisions, mandatory training).

Auditor **B. Smith**

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Field Operations

Due Date : 05/01/2009 Incomplete

14 **1703 0809 01 Audit of Sanitary Sewer System**

10. Standard Operating Procedures

Recommendation:

Sewer Maintenance management should create documented standard operating procedures for its three primary functions to enhance management oversight, 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, documented standard operating procedures should be created for the following areas:

Sanitary sewer conveyance component maintenance and repairs (cleaning of main lines, line repairs, video inspections, manhole repairs, diversion operations)

- **Daily responsibilities of work crews including documentation requirements (see Finding #1)**
- **Use of Hansen customer complaint/service system**
- **Monthly activity summarization and reporting**
- **Video inspection program (see Finding #4)**
- **Equipment and supplies inventory control program (see Finding #6)**
- **Overtime and after-hours call-out rotation**
- **Performance measurement summarization (see Finding #8)**
- **Document retention compliance guidelines**

Sanitary sewer private collection component responses (identification of lateral issues and provision of customer service assistance)

- **Lateral line customer assistance program**

Sanitary sewer overflow (“SSO”) responses (removal of obstructions and restoration of flow, mitigation of contamination, and regulatory compliance reporting)

- **NDEP Spill Reporting Policy compliance (see Finding #2)**
- **Call Before You Dig program compliance (see Finding #5)**

Management Action Plan:

- **Applicable operating procedures will be developed and implemented.**

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Finance and Business Services — Due Date : 12/31/2002 Extended

15 **1501 0102 02** **Audit of Wastewater Pollution Control Facility and Sewer Services**

B. 04. 01. **Performance Reports**

Recommendation:

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

Management Action Plan:

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 : 12/31/2002 Extended

16 **1501 0102 02** **Audit of Wastewater Pollution Control Facility and Sewer Services**

B. 04. 02. **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:

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 : 07/01/2008 Incomplete**

17 **0601 0607 06 Audit of Financial Services Grant Fiscal Administration**

01. 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:

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

Incomplete : **Not implemented.**
Extended : **Not implemented due to circumstances beyond the department's control.**
Not Due: **Due date identified by management has not passed.**
Due Date: ***R.= Revised / O.= Original**

Finance and Business Services — Due Date : 12/31/2009 — Extended

18 **3100 0809 07** **Audit of Professional Services Contract No. 070122 - Delphi Research of Nevada**

02. **Contract Monitoring Policy and Procedures**

Recommendation:

The City Manager should establish a comprehensive Contract Monitoring Policy and Procedure for the administration of personal services contracts to apply to all departments utilizing these contracts. The policies, procedures, and responsibilities should address at a minimum the following:

1. Segregation of Duties or Incompatible Functions – Duties related to the administration of the contract should be appropriately segregated.

2. Qualified, Trained Personnel – Personnel should be qualified and adequately trained to monitor the contract.

3. Authorization – All transactions are approved by an appropriate member of management.

4. Records – Records regarding the administration of this contract should be required and documented. These records should be sufficient, competent, relevant, and timely.

5. Reporting – Reports should be prepared on an appropriate basis so as to document the performance of the contract. There should be statement of opinion if the vendor is performing as originally intended.

6. Control over Assets and Records – Specific responsibilities and procedures regarding custody of assets (information) and records should be enumerated and followed.

7. Independent Review – Provision for a periodically independent review of performance of the contract and monitoring of the administration of the contract should be performed by an independent individual or group.

8. Limited Access – Access to information and records should be maintained and monitored.

Management Action Plan:

In response to your November 24, 2008, review of "Draft ICR 042, ICR 048 and QRA 3100-001 -- Delphi Research" recommendation number 3 to establish a comprehensive Contract Monitoring Policy and Procedures for administration of personal services contracts to apply to all departments utilizing these contracts. Staff has been assigned to draft policies and procedures that will include, but not be limited to cover, the eight areas outlined in your recommendations. The draft will be forwarded to you for your review and comment prior to forwarding to all Department Directors for feedback and implementation. The development of compensative policy and procedures guidelines requires many steps for proper development. Therefore the City Manager Office has set a target date of December 31, 2009 for development and implementation. There will also be a developed and piloted contract administration class and trained Purchasing & Contracts staff on aspects of the policy that will change purchasing processes and procedures.

Auditor P. Marmurowski

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Finance and Business Services — Due Date : 12/31/2009 — Incomplete

19 **3100 0910 06** **Audit of Professional Services Contract No. 080146-DC Hill-Clark & Associates**

03. **Modifications and Change Orders**

Recommendation:

Purchasing and Contracts should do the following:
A policy should be established that provides guidelines as to which modifications should be submitted to Purchasing and Contracts for review and approval. These modifications should be included in the contract folder maintained by Purchasing and Contracts. This should be included in the Contract Monitoring Policy and Procedure currently being written by Purchasing and Contracts.

Management Action Plan:

Public Works: Purchasing will develop guidelines and will meet with sections and departments for approval of their guidelines.
Purchasing and Contracts: P&C Manager will update the Professional Services Policy FN 609.1 to reflect the requirement for contract modifications to be submitted to P&C for review and approval.

Auditor **M. Mandolfo**

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Fire and Rescue

Due Date : 05/01/2010 Incomplete

20 **1303 0809 06 Audit of Fire Prevention Division**

01. Quality Control Program

Recommendation:

Fire Prevention management should create, document, and implement a formal quality control program to provide assurance that standards are being applied consistently and uniformly by its staff members in conducting plan reviews and inspections. This program should include at a minimum:
• Formal and systematic procedures for monitoring the quality of the work being performed by staff members in completing their inspections and plan reviews.
• Formal and systematic procedures for reviewing the adequacy of the paperwork being completed and submitted for scanning and the data being input into Hansen.

Management Action Plan:

Evaluation of field activities by Fire Prevention Inspection Supervisors and Deputy Fire Marshals will be more formalized through the following:
• Develop a standard by which all Fire Prevention Inspectors will be evaluated on.
• Develop a process that can objectively document the inspection process that is transparent to the Inspectors so there is no ambiguity in the standard being applied to them.
• Staff evaluation by a process of shadowing and field follow-up by having supervisors validate code violations identified by field staff.
• Document and publish a common practices (or lessons learned) manual for inspection staff to follow to increase consistency during the field inspection process.
• Reduce inconsistency of fire code enforcement through training and regular staff contact by field supervisors.
• Formal and systematic procedures for reviewing the adequacy of the paperwork being completed and submitted for scanning and the data being imputed into Hansen.

Fire Prevention will develop formal procedure for scanning of documents to:
• Eliminate inconsistencies on how documents are indexed in the records management system (eB).
• To insure that documents are properly indexed to the proper address by the Scan Center.
• To give guidance on what needs to be scanned and discarded in accordance with the records retention schedule.

Fire Prevention Inspection Supervisors will review Hansen input for accuracy and completeness by the following:
• Running reports on daily and weekly basis of Inspector activity to ensure the accuracy of data. This will also ensure that proper coding is used, violations are being correctly entered, and that inspection times are documented.
• Inspection staff will be corrected on an individual basis as needed, and staff directives will be written if group wide issues are identified.

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Estimated Date of Completion:
The development of a Quality Control Program will take some time to develop and implement. The overall structure of the program will be outline by May 1, 2009, but the implementation and overall success may take up to 1 year. This program goes beyond just telling staff what is to be done or expected and the acceptance of oversight and monitoring will be needed to prevent motivational and performance issues.

Auditor **B. Smith**

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Information Technologies **Due Date : 10/04/2005 Extended**

21 **2001 0405 03 Audit of Controls Over City Utility Payments And Costs**

01. 02. 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:

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

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Municipal Court **Due Date : 09/30/2010 Not Due**

22 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 01. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Written Policy and Procedure Deficiencies (#2j p. 16, #129a, b, and c p. 64)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

23 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 02. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Documentation on Distribution of Policies and Procedures to Court Employees (#3 p.17, #68 p. 38, #101 p. 54, #130 p. 65)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Municipal Court — Due Date : 09/30/2010 — Not Due

24 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 03. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Limitations on Amount of Cash in Cash Drawers (#18c, p. 21)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court — Due Date : 09/30/2010 — Not Due

25 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 04. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Safe Combination Change Policy (#2i, p. 16)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

26 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 05. Areas of Non-Compliance With MAS

Recommendation:

**Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Implementation of Procedures to Comply with IRS Reporting Requirements (#29, p. 23)**

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

27 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 06. Areas of Non-Compliance With MAS

Recommendation:

**Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Monitoring of Manual Receipts (#44a, p. 29)**

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

28 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 07. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Accounts Receivable (#105a p. 56, #106 p. 56, #110 p. 57, #112 p. 57, #120 p. 60)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

29 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 08. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Bond Tracking (#127a, p. 63)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

30 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 09. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Bail Reconciliation (#134, p. 66)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Municipal Court **Due Date : 09/30/2010 Not Due**

31 **1103 0910 09 Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

01. 10. Areas of Non-Compliance With MAS

Recommendation:

Court Management should address the identified areas of non-compliance with the MAS Checklist standards.
Legacy System Issue (#49 and #51, p. 30)

Management Action Plan:

Our Management Action Plan is to review all policies and procedures as they relate to our new case management system (CMOR) that went live in November. The areas identified as non-compliant by the audit staff will receive additional scrutiny to ensure compliance with the MAS Checklist standards. The Court will also coordinate the applicable policies and procedures with the Detention & Enforcement Department (D&E) ensuring that the procedures used by D&E on behalf of the Court comply with the MAS Checklist standards as well.

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Municipal Court — Due Date : 12/01/2010 — Not Due

32 **1103 0910 09** **Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

02. **MAS Policy and Procedures**

Recommendation:

Court Management should review and update the MAS System of Internal Controls document.

Management Action Plan:

Our Management Action Plan is to begin a five-stage review of all policies and procedures upon the implementation of the new case management system (CMOR). The initial stage of the review is to identify and correct programming issues that may arise. The second stage of the review is to ensure all reports are created and have been validated for accuracy. The third stage is to develop procedures that are compliant with MAS Checklist standards and City Policy. The fourth stage of the review is to document the policies and procedures and obtain Court approval. The final stage of the review is to issue the policies and procedures to Court personnel.

Auditor B. Smith

Municipal Court — Due Date : 01/31/2010 — Incomplete

33 **1103 0910 09** **Procedures Performed -- Minimum Accounting Standards Checklist For Nevada Courts**

03. **Collection of Drop Box Payments**

Recommendation:

Court Management should document the procedures being followed by the Justice Court personnel in collecting the Municipal Court's payments from the drop boxes and evaluate the adequacy of these procedures in relation to the Court's internal control standards.

Management Action Plan:

We completely agree and our Management Action Plan is to meet with personnel from the Justice Court to discuss the policies and procedures used by the Justice Court regarding the drop box, unopened mail, and returning opened mail to the Municipal Court. The Municipal Court is reviewing the policies and procedures to ensure compliance with the MAS Checklist and City of Las Vegas policy. The Municipal Court will notify the Justice Court regarding any discrepancies and work a resolution.

Auditor B. Smith

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

Municipal Court **Due Date : 06/30/2000 Incomplete**

34 **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:

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 : 06/30/2000 Incomplete**

35 **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:

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 identified by management has not passed.
Due Date: *R.= Revised / O.= Original

Municipal Court **Due Date : 06/30/2000 Incomplete**

36 **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:

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

Auditor B. Smith

Incomplete : **Not implemented.**
Extended : **Not implemented due to circumstances beyond the department's control.**
Not Due: **Due date identified by management has not passed.**
Due Date: ***R.= Revised / O.= Original**

Neighborhood Services — Due Date : 09/30/2009 — Extended

37 **1802 0910 03** **Audit of Neighborhood Services Rapid Response Team**

06. **Invoices for Services**

Recommendation:

Neighborhood Services management should develop procedures to ensure that all service requests are forwarded to the business specialist and all services are appropriately billed.

Management Action Plan:

Currently billable services provided by RRT are manually entered. We are working with IT/CMO project staff to automate this function.

Effective July 2009, Neighborhood Services has developed the following procedures to ensure services such as shopping carts, pool pumping and abatements are billed in a timely manner. The Rapid Response supervisor will be responsible for collected all billable service requests. These services requests will be handled by one clerical staff with another clerical staff person serving as a back up. The office staff will work with the business specialist to ensure all services are appropriately billed.

Auditor N. Beaty

Neighborhood Services — Due Date : 10/30/2009 — Extended

38 **1802 0910 03** **Audit of Neighborhood Services Rapid Response Team**

07. **Account Receivables**

Recommendation:

Neighborhood Services management should determine whether it would be cost effective to place liens on properties for services performed by the Rapid Response Team.

Management Action Plan:

Abatement costs are currently manually added on a case when work is performed by RRT. We are working with IT/CMO Project Staff to automate our systems to generate a fee and a bill. We are currently in the test phase and should have this complete shortly. This will ensure that all charges for services are billed. Charges that are billed, for RRT services such as pool pumping are typically billed to the property owner and if not paid are sent to collections. We are investigating the possibility of placing liens on properties that have not paid their bills in 90 days.

Auditor N. Beaty

Incomplete :	**Not implemented.**
Extended :	**Not implemented due to circumstances beyond the department's control.**
Not Due:	**Due date identified by management has not passed.**
Due Date:	***R.= Revised / O.= Original**

City of Las Vegas   Agenda Item No.: **7.**

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING ☐ **Consent** ☒ **Discussion**

SUBJECT:
Discussion and possible action on Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02)

Fiscal Impact

☒ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
City Auditor's Office staff will review the Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02).

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
Audit of Field Operations - Fueling Access and Monitoring (1705-1011-02)

CITY AUDITOR'S OFFICE

AUDIT OF FIELD OPERATIONS – FUELING ACCESS AND MONITORING

Report No. CAO 1705-1011-02

September 22, 2010

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

AUDIT OF FIELD OPERATIONS – FUELING ACCESS AND MONITORING CAO 1705-1011-02

BACKGROUND

The City of Las Vegas has a fleet of approximately 1175 vehicles and equipment. These vehicles and equipment use a variety of fuels including reformulated gasoline (gasoline), diesel, bio-diesel, and compressed natural gas (CNG).

The administration of the City's fueling operations is the responsibility of the Fleet and Transportation Services division (Fleet Services) of the Department of Field Operations. The oversight of fueling activity is primarily performed by the Fleet Services Manager and a systems analyst. The systems analyst transferred to another city department during the audit. Fleet Services uses software known as WinC6 (fuel system) for controlling fuel pump access and the recording of fueling transactions.

City employees fuel city vehicles and equipment at city-owned fueling stations found at the City's East, West, and Satellite Service Centers, the Wastewater Pollution Control Facility, Floyd Lamb Park at Tule Springs, and at 14 fire stations. All fuel for these fueling stations, except for CNG, is purchased by the City. CNG fuel is available to city employees through a contractor who maintains and services CNG pumps at the West Service Center and at four other locations in the Las Vegas Valley. The City's fueling stations are available for use by the Las Vegas Housing Authority (Housing Authority). The Housing Authority is billed monthly by the City for its usage.

During 2009, the City used approximately 815,000 gallons of liquid fuels and approximately 25,000 gas gallon equivalents of CNG.

In order to access a city fuel pump, users must waive an active city proximity badge over a card reader, enter a valid vehicle or equipment number, and enter a valid odometer reading (i.e., number within an established range of the last fueling transaction for the vehicle or equipment). A key fob (plastic keychain with an internal computer chip) must be waived over the card reader when there is not a vehicle or equipment number associated with the transaction (e.g., filling gas cans, generators, and gas powered tools).

To access the CNG fuel pumps, users must use access cards provided by the CNG contractor. These cards are assigned to specific vehicles and can only be used at the CNG contractor's pumps. The CNG contractor bills the City monthly for its usage.

OBJECTIVES

The audit objectives were to:

- Evaluate the adequacy of the management controls over fueling transactions (i.e., controls are effective in identifying errors, irregularities, or abuse in fueling transactions).
- Evaluate the adequacy of the procedures being followed for recording fueling transactions and charging city departments and the Housing Authority for these transactions.
- Evaluate the adequacy of the documented policies and procedures related to the City's fueling operations.

SCOPE AND METHODOLOGY

The scope of this audit was limited to an evaluation of the controls over fueling access and monitoring of the fueling transactions. Detailed testing of records was primarily limited to transactions during calendar year 2009. The last fieldwork date of this audit was July 9, 2010. 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 policies and procedures,
- Interviews of city personnel,
- Observations of work processes and select fueling stations, and
- Analysis 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.

The exception to full compliance is because the City Auditor’s Office has not yet undergone an external peer review. However, this exception has no affect on the audit or the assurances provided.

CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

The following conclusions were noted:

Adequacy of the management controls over fueling transactions (i.e., controls are effective in identifying errors, irregularities, or abuse in fueling transactions).

A process by which all city departments receive and review monthly fueling transactions needs to be implemented (see Finding #1).

Improvements are needed to the process by which CNG cards are placed in vehicles, tracked, and destroyed upon disposal of a vehicle (see Finding #2).

Improvements are needed in how CNG usage in bi-fuel vehicles is monitored (see Finding #3).

A process is needed for changing the status of ex-employee badge numbers to inactive within the fuel system (see Finding #4).

Documented policies and procedures on the use of key fobs are needed. In addition, improvements are needed in the tracking of key fobs and monitoring of their usage (see Finding #6).

Adequacy of the procedures being followed for recording fueling transactions and charging city departments and the Housing Authority for these transactions.

A formalized process for obtaining accounting coding updates from Finance and updating the fuel system with this information is needed (see Finding #5).

Adequacy of the documented policies and procedures related to the City's fueling operations.

Documented policies on the city's fueling operations are needed (see Finding #7)

Documented desk procedures on the administration of the City's fueling operations are needed (see Finding #8).

Further information is contained in the sections below. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. Fuel Transaction Monitoring

Criteria

Effective systems of internal control include strong prevent and detect controls. *Prevent controls* are procedures designed to prevent an error or fraud before they occur, while *detect controls* are designed to monitor processes to identify errors or fraud that have occurred.

The monitoring of employee transactions and the identification of irregularities is most effectively completed by management and/or supervisors that are most familiar with the daily operations of the employees. Exception reports are useful tools in monitoring transactions.

Condition

Fleet Services has implemented a variety of prevent controls in the fuel system such as fuel pump timeouts, maximum fueling limits, and odometer range input requirements. While these controls minimize the risk of error or fraud, they must be accompanied by strong detect controls. The monitoring and analyzing of the validity of individual transactions is an example of a detect control.

While Fleet Services monitors fuel transactions on a limited basis, Fleet Services employees are not in a position to be able to fully evaluate the appropriateness of fueling transactions as they are not as familiar as department management or supervisors with individual employee job responsibilities, their assigned shifts, and the vehicles being fueled.

While detailed monthly fuel transaction reports are produced for select city departments upon request, they are not automatically distributed to all departments for review. Most city departments are only aware of the fuel costs charged to their respective department.

An analysis of fueling transactions during the period from January through November 2009 (approximately 48,472 transactions) identified certain transactions that are not currently being scrutinized where there could be opportunities for employee misuse of the fuel system:

- *Fueling Transactions Exceeding Vehicle Tank Capacity* – Transactions were identified that appeared to exceed the tank capacity of the related vehicle. For example, a pickup truck was identified as having been fueled with 69 gallons during a single transaction. Fleet Services management explained that employees will sometimes fuel multiple vehicles or equipment during a single transaction without starting a new fueling transaction. By doing this, the second vehicle or equipment is not identified in the fuel system.
- *Multiple Fueling Transactions within a Short Period for the Same Vehicle* – 290 fueling transactions greater than 10 gallons were identified where there was a subsequent fueling transaction for the same vehicle within 1 hour. Out of the 290 fueling transactions, 132

of the transactions had a subsequent transaction greater than 10 gallons. While suspicious, these transactions may be valid transactions as a result of:

  - Employees fueling multiple tanks on a single vehicle.
  - Employees fueling multiple vehicles or equipment during a single transaction.
  - Fuel system timing out during fueling.
  - Fuel system errors

- *Weekend, Holiday, Early Morning and Late Night Transactions* – City employees can be found working on weekends, holidays, and on early morning and late night shifts. There is potentially a higher risk of misuse of fuel during these days and times as there may be less activity at the fuel sites and less direct supervision of employees.
- *Key Fob Transactions* – Considering no vehicle identification number is associated with these transactions, this is potentially an area of higher risk of misuse.
- *Unusually Large Transactions*

Fleet Services currently faces several obstacles to monitoring these types of transactions and providing timely and useful detailed fueling transaction reports to city departments for review:

- The fuel system lacks enhanced transaction reporting capabilities.
- The fuel system being an older system is prone to "bugs" where incomplete transaction data will be captured or the system controls will fail.
- A systems analyst in Fleet Services with many fuel administration responsibilities recently transferred to another city department.
- While maximum fuel settings are established for vehicles within the fuel system, the actual fuel tank capacities of individual vehicles are not currently tracked.
- The miles per gallon calculation within the fuel system is unreliable when erroneous odometer readings are input by users. Fleet Services recently added system restrictions that have reduced the number of erroneous odometer readings.
- Inconsistent practices by employees in using the fuel system (e.g., fueling multiple vehicles or equipment in a single transaction).

Cause

- A formalized process has not been implemented in which all city departments are provided detailed fueling transaction reports for review.

Effect

- Detailed fueling transactions are not being regularly reviewed for irregularities by most department management or supervisors.
- Fueling irregularities may not be properly and timely identified.

Recommendations

1.1 Fleet Services management should implement a process by which all city departments receive monthly detailed fueling transaction reports of their employees along with instructions for review of the reports and a discussion of possible indicators of irregularities.

1.2 Fleet Services management should evaluate options for increased automation of the generation of the monthly detailed fueling transaction reports and what enhancements can be made to the reports to facilitate the monitoring and identification of fueling transaction irregularities. Consideration should be given to color coding the following types of transactions on the reports to facilitate departmental review.
   - Fueling transactions exceeding tank capacity
   - Multiple fueling transactions within a short period for the same vehicle
   - Weekend, holiday, late night, and early morning transactions
   - Key fob transactions
   - Unusually large transactions

1.3 Fleet Services management should begin tracking fuel tank capacities of vehicles for use in monitoring fueling transactions.

2. Compressed Natural Gas Card Oversight

Criteria

Effective oversight of a process requires the maintenance of timely and accurate records.

Condition

The City has 94 active CNG cards assigned to specific city vehicles and 10 active spare CNG cards (per a December 2009 report from the CNG contractor). The following issues were identified in a review of CNG activity from April through November 2009:

- 37 *active* CNG cards were identified with no activity during the period. The following reasons were found for this inactivity:
  - 19 of these cards had never been picked up by city departments to be placed in the respective city vehicle and were still being held by Fleet Services. All of the vehicles associated with these cards except one had non-CNG fueling transactions during the period which is evidence they are bi-fuel vehicles (i.e., can be fueled with either CNG or gasoline).
  - 9 of these cards were spare cards that had not been used during the period.

    - 7 of these cards had been picked up from Fleet Services but had not been used during the period.
    - 2 of these cards were assigned to vehicles that had been sent to auction and requests had not been made to the CNG contractor to deactivate the cards.
- 12 *deactivated* CNG cards were still in the possession of Fleet Services. Fleet Services subsequently learned from the CNG contractor that these cards could be shredded which was done.
- While Fleet Services maintains a CNG fuel card log identifying the employees to whom the CNG fuel cards are issued, it is not evident from the log which cards have been deactivated and destroyed.

Cause

- Reliance on city departments to pick up CNG cards for placement in vehicles.
- Lack of a formal reconciliation process to CNG contractor records.

Effect

- Delays in getting active CNG cards into city vehicles.
- CNG cards may not be deactivated upon disposal of a vehicle.
- Without CNG cards in bi-fuel vehicles, savings from fueling with CNG cannot be achieved.

Recommendations

2.1 Fleet Services management should implement and document a more formalized process for ensuring all active CNG cards are placed in their assigned vehicles.

2.2 Fleet Services management should implement and document procedures outlining actions to be taken with CNG cards upon disposal of a vehicle.

2.3 Fleet Services management should begin tracking the deactivation and card destruction date on the CNG fuel card log and at a minimum complete an annual reconciliation of the CNG fuel card log to the CNG contractor's records.

2.4 Fleet Services management should destroy all deactivated cards and evaluate whether all ten spare CNG cards are necessary.

3. Fueling of Bi-Fuel Vehicles

Criteria

The benefits of bi-fuel vehicles are achieved through the use of a lower priced alternative fuel whenever feasible.

Directive from City Manager on October 5th, 2005:

Where applicable, use compressed natural gas (CNG) as your primary fuel. Cost per gallon for this fuel is over $1 less per gallon than gasoline or diesel fuel…When you keep the vehicle full with CNG, the vehicle uses that fuel as primary and gasoline as back up.

Condition

A formal policy regarding the use of CNG in bi-fuel vehicles has not been documented and a process is not currently in place for monitoring employee compliance with the directive from the City Manger.

In an analysis of CNG transactions from April through November 2009, 17 CNG cards were identified as being associated with bi-fuel vehicles as these vehicles were fueled with both CNG and gasoline during the period. These vehicles were on average fueled with CNG only 45% of the time. Five of these vehicles were fueled with CNG less than 10% of the time.

Fleet Services management indicated that certain employees consider fueling with CNG to be inconvenient as it sometimes takes longer to fill CNG tanks than liquid fuel tanks.

Cause

- Lack of a documented policy regarding use of CNG fuel in bi-fuel vehicles.
- Lack of a process for monitoring percentage use of CNG fuel in bi-fuel vehicles.

Effect

- Considering the City currently saves approximately 73¢ per gallon when CNG is used in place of gasoline, there are missed savings when gasoline is used rather than CNG in a bi-fuel vehicle.

Recommendations

3.1 Fleet Services management should document a policy for city employees outlining the expectations for use of CNG fuel in bi-fuel vehicles.

3.2 Fleet Services management should create a process in which CNG card activity is routinely analyzed for vehicles out of compliance with the established policy. Non-compliant employees should be identified and informed of their non-compliance.

4. Terminating Access to Fuel System

Criteria

An employee's access to the fuel system should be terminated upon their separation from employment with the City.

Condition

City employees waive their respective proximity access badges over a card reader to initiate the activation of city fuel pumps. The badge number is then verified against the fuel system's employee database before the fuel pump is activated. Upon review of the fuel system's employee database, we found that the last issued access badge number of employees who have separated from employment with the City remains active in the fuel system.

While ex-employee badge numbers remain active in the fuel system, the risk of an ex-employee activating a fuel pump is reduced by the following controls:

- The ex-employee would need their access badge. Access badges are typically collected from employees by Human Resources when they are processed out. However, an employee could retain his final badge if he requested to keep it as a souvenir of his employment or misrepresented to Human Resources that he had lost it.
- The ex-employee would need to input a valid city vehicle number.
- The ex-employee would need to input an odometer reading that is within an established narrow range of the last odometer reading input into the fuel system for the identified vehicle.

Cause

- The status of an employee's access badge number is not changed to inactive in the fuel system upon the employee's separation from employment with the City.

Effect

- Risk of unauthorized access to the City's fuel system.

Recommendations

4.1 Fleet Services management should implement and document a process (manually or automated) by which the status of employee badge numbers are changed to inactive within the fuel system upon termination of employment.

4.2 Fleet Services management should review through the fuel system employee database and deactivate the badge numbers of all ex-employees.

5. Account Coding Updates to Fuel System

Criteria

Efficient posting of operational transactions to a general ledger requires source systems to include correct accounting coding.

Condition

Each month a financial analyst in the Department of Finance downloads fuel transactions from the fuel system to electronic files used in the preparation for allocating fueling costs to city departments. The financial analyst must routinely make corrections, often reoccurring ones, to the accounting coding of the individual fueling transactions within the electronic files due to the accounting codes within the fuel system not routinely being updated by Fleet Services to reflect current coding.

Cause

- Lack of a defined process for updating the fuel system with the most current accounting codes.

Effect

- Inefficiencies in the process of posting fueling transactions to the general ledger.

Recommendation

5.1 Fleet Services management working with Finance should establish and document a formal process by which Fleet Services makes necessary accounting coding updates monthly to the fuel system based on feedback from Finance.

6. Key Fob Use and Oversight

Criteria

System access instruments must be properly controlled through the establishment of policies and procedures over their use and an accurate recordkeeping of to whom they are assigned.

Condition

Approximately 4,400 gallons of fuel were pumped using key fobs during 2009. At the request of city departments and the Housing Authority, key fobs are activated and issued by Fleet Services. City department representatives must sign a key fob log upon receipt of a key fob. This log is used to track the identification number of issued key fobs, the issuance date, and to whom the key fob was issued.

Fleet Services has not documented formalized policies for employees on the use of key fobs including their responsibilities for safeguarding them and returning them when no longer needed or upon separation from employment. City employees are not held to the same standard as Housing Authority employees with key fobs who are required to sign a form agreeing to the following conditions:

- *By signing below, this person agrees to guard and protect this key fob from harm, loss, and misuse, by themselves or any other person.*
- *The key fobs that you sign for are the property of the City of Las Vegas. They are not to be loaned, traded, or duplicated.*
- *Key fobs must be produced upon demand, for inventory, spot check, or any other legitimate reason by a City Official.*
- *If you should lose your key fob or fail to turn it in upon termination, a $12.00 fee will be assessed.*

While a key fob log is currently being maintained, the log is incomplete as it was not immediately started when key fobs began being issued. Therefore, the location of all key fobs and to whom they were assigned is not known.

As discussed in Finding #1, the appropriateness of key fob transactions is not currently being monitored by all city departments.

Cause

- Lack of formalized policies and procedures over the use of key fobs.
- Lack of a formalized process for monitoring key fob activity.

Effect

- Lack of accountability of employees for proper use of key fobs.
- Incomplete records on outstanding key fobs.
- Irregular key fob transactions may not be identified.

Recommendations

6.1 Fleet Services management should document policies and procedures for city employees on the use and consequences of misuse or loss of key fobs.

6.2 Fleet Services management should update the key fob log with all known outstanding key fobs and the employees with responsibility for safeguarding the key fobs. This will require communication with city departments on which key fobs they have in their possession.

6.3 Fleet Services management should include key fob activity on detailed fueling transaction reports distributed to departments and ensure the reports clearly identify the key fob transactions.

7. Fueling Operations Policies and Procedures

Criteria

Documented policies and procedures formally establish employee accountability and provide orientation and reference material for employees.

Condition

Fleet Services does not have formalized policies and procedures that address the following areas of the fueling operations:

- Guidelines on the use of city fueling stations by employees
- Proper initiation and completion of fueling transactions at the pumps
- Guidelines on the use of CNG cards and CNG pumps
- Guidelines on the use of key fobs
- Consequences for misuse of the city fuel system
- Roles and responsibilities of departments in monitoring fueling transactions

Cause

- Fleet management has not documented formal policies and procedures on the City's fueling operations for employees and departments to follow.

Effect

- Inconsistent practices in the use of the fuel system.
- Inaccurate or incomplete fueling transaction records.
- Expectations of employees accessing fuel and consequences of misuse of fuel system are not documented.

Recommendation

7.1 Fleet Services management should document policies and procedures that address the following areas:
  - Guidelines on the use of city fueling stations by employees
  - Proper initiation and completion of fueling transactions at the pumps
  - Guidelines on the use of CNG cards and CNG pump use
  - Guidelines on the use of key fobs
  - Consequences for misuse of the city fuel system
  - Roles and responsibilities of departments in monitoring fueling transactions

  These policies and procedures once adopted should be communicated and made accessible to city employees.

8. Standard Operating Procedures

Criteria

Standard operating procedures (also known as desk procedures) address the key activities and processes of an organization, how they are performed, and by whom. They assist employees and management in performing the daily functions of an organization. These procedures formally establish employee accountability, provide orientation and reference material for employees, and document the institutional knowledge of existing staff in case of employee turnover or extended absences.

Condition

Fleet Services has limited documentation outlining its procedures in the administration of the City's fueling operations. The following information and procedures are not formally documented for reference by Fleet Services employees:

Fuel System Administration

- Responding to common pump problems encountered by users
- Creation of fuel system reports
- Transaction monitoring procedures
- Updating the general ledger coding
- Calculating monthly fuel price changes and adding changes to fuel system

- Adjusting the fuel system for vehicle transfers and retirements
- Deactivation of employee badge numbers
- Routine fuel system updates
- Annual fuel system backups
- Contacts for servicing the fuel system

Fueling Transaction Reporting

- Reports to be provided monthly to Finance
- Reports to be prepared for Fleet Services management
- Reports to be prepared for city departments

CNG Cards Oversight

- Maintenance of CNG card log
- Ordering new CNG cards
- Deactivation of CNG cards
- CNG invoice review procedures
- Reconciliation of CNG log to CNG contractor records

Key Fobs Oversight

- Ordering new key fobs
- Activation and deactivation of key fobs
- Maintenance of the key fob log
- Issuance of key fobs to outside organizations

During the audit, a key employee involved in the administration of the City's fueling operations transferred to another city department. With the loss of this employee and the lack of documented desk procedures, Fleet Services lost a knowledge base and skills that had been acquired over the years by this employee. This transition would have been easier if desk procedures had been documented.

Cause

- Lack of formalized desk procedures specific to the City's fueling operations.

Effect

- Potential for inconsistencies in practices among staff members.
- Loss of knowledge base with employee rotations and/or turnover.

Recommendation

8.1 Fleet Services management should document desk procedures related to its responsibilities in the oversight of the City's fueling operations including the following areas:

- Fuel System Administration
- Fueling Transaction Reporting
- CNG Cards Oversight
- Key Fobs Oversight

MANAGEMENT RESPONSES

1. Fuel Transaction Monitoring

Recommendation 1.1
Fleet Services management should implement a process by which all city departments receive monthly detailed fueling transaction reports of their employees along with instructions for review of the reports and a discussion of possible indicators of irregularities.

Management Action Plan: Develop a Fleet divisional Policy & Procedure involving cross training of staff to provide fueling reports to each Department Director whose staff operate city owned vehicles and equipment on a quarterly basis.

Estimated Date of Completion: 4/1/2011

Recommendation 1.2
Fleet Services management should evaluate options for increased automation of the generation of the monthly detailed fueling transaction reports and what enhancements can be made to the reports to facilitate the monitoring and identification of fueling transaction irregularities. Consideration should be given to color coding the following types of transactions on the reports to facilitate departmental review.

- Fueling transactions exceeding tank capacity
- Multiple fueling transactions within a short period for the same vehicle
- Weekend, holiday, late night, and early morning transactions
- Key fob transactions
- Unusually large transactions

Management Action Plan: In conjunction with 1.1 above, work with I.T. to generate reports to track transactions that appear questionable for Department staff to follow-up with and report back to Fleet Services.

Estimated Date of Completion: 5/15/2011

Recommendation 1.3
Fleet Services management should begin tracking fuel tank capacities of vehicles for use in monitoring fueling transactions.

Management Action Plan: In conjunction with 1.1 above, develop a process to list fuel tank capacities of all city owned vehicles and equipment.

Estimated Date of Completion: 4/1/2011

2. Compressed Natural Gas Card Oversight

Recommendation 2.1
Fleet Services management should implement and document a more formalized process for ensuring all active CNG cards are placed in their assigned vehicles.

Management Action Plan: Use the current sign-out sheet for city employees driving a CNG fueled vehicle as a cross-check for identifying CNG cards that have been turned in and destroyed. If still in use, insure they are easily accessible by placing them in the glove box with the accident report kit that is in each city owned vehicle. Confirm compliance and indicate such compliance on the work order each time the vehicle is brought in for scheduled service.

Estimated Date of Completion: 1/1/2011

Recommendation 2.2
Fleet Services management should implement and document procedures outlining actions to be taken with CNG cards upon disposal of a vehicle.

Management Action Plan: Indicate on the work order generated when a vehicle is brought in for preparation for disposal, that the CNG card has been destroyed by Fleet Services staff.

Estimated Date of Completion: 1/1/2011

Recommendation 2.3
Fleet Services management should begin tracking the deactivation and card destruction date on the CNG fuel card log and at a minimum complete an annual reconciliation of the CNG fuel card log to the CNG contractor's records.

Management Action Plan: Same as 2.2 above. Track the specific deactivation date on the CNG fuel card log. Reconcile annually with the fuel billing report generated by the vendor Clean Energy.

Estimated Date of Completion: 1/1/2011

Recommendation 2.4
Fleet Services management should destroy all deactivated cards and evaluate whether all ten spare CNG cards are necessary.

Management Action Plan: In addition to 2.1 above, develop a CNG Card Deactivation Log that documents all inactive or returned CNG cards have been destroyed and document the date on the log.

Estimated Date of Completion: 1/1/2011

3. Fueling of Bi-Fuel Vehicles

Recommendation 3.1
Fleet Services management should document a policy for city employees outlining the expectations for use of CNG fuel in bi-fuel vehicles.

Management Action Plan: Develop a written Policy & Procedure specifying CNG card "user handling and responsibilities" including that CNG fuel use should be the primary fuel of choice i.e. first used.

Estimated Date of Completion: 2/15/2011

Recommendation 3.2
Fleet Services management should create a process in which CNG card activity is routinely analyzed for vehicles out of compliance with the established policy. Non-compliant employees should be identified and informed of their non-compliance.

Management Action Plan: Audit and report compliance on monthly CNG fuel use reports. Notify by e-mail, the Department Director and/or his/her responsible managing designee, of staff non compliance.

Estimated Date of Completion: 2/15/2011

4. Terminating Access to Fuel System

Recommendation 4.1
Fleet Services management should implement and document a process (manually or automated) by which the status of employee badge numbers are changed to inactive within the fuel system upon termination of employment.

Management Action Plan: HR notifications sent to Fleet Services Manager and Vehicle Services Supervisor when employees have processed out from City employment. Upon such notification, the employee(s) will be de-activated from the fueling system preventing access.

Estimated Date of Completion: 9/1/2010

Recommendation 4.2
Fleet Services management should review through the fuel system employee database and deactivate the badge numbers of all ex-employees.

Management Action Plan: Ask for assistance from D&E and HR to provide a current City ID badge listing. Fleet Services staff to cross-check the listing with all processed out employees and deactivate the active badge numbers of these ex-employees.

Estimated Date of Completion: 12/1/2010

5. Account Coding Updates to Fuel System

Recommendation 5.1
Fleet Services management working with Finance should establish and document a formal process by which Fleet Services makes necessary accounting coding updates monthly to the fuel system based on feedback from Finance.

Management Action Plan: Review with Finance and establish a notification process whereby Finance informs Fleet Services Manager when coding changes occur. In turn, the Manager or his designee will enter the new data upon receipt.

Estimated Date of Completion: 11/1/2010

6. Key Fob Use and Oversight

Recommendation 6.1
Fleet Services management should document policies and procedures for city employees on the use and consequences of misuse or loss of key fobs.

Management Action Plan: Develop a formal Policy & Procedure for the proper use of key fobs.

Estimated Date of Completion: 1/1/2011

Recommendation 6.2
Fleet Services management should update the key fob log with all known outstanding key fobs and the employees with responsibility for safeguarding the key fobs. This will require communication with city departments on which key fobs they have in their possession.

Management Action Plan: In conjunction with 6.1 above, conduct a physical inventory of all key fobs issued to date. Enlist the assistance of departments currently in possession of key fobs for an accounting and cross check that information with what we have on record.

Estimated Date of Completion: 1/1/2011

Recommendation 6.3
Fleet Services management should include key fob activity on detailed fueling transaction reports distributed to departments and ensure the reports clearly identify the key fob transactions.

Management Action Plan: In conjunction with 1.1 above, key fob fueling transactions will be included and identified on the quarterly fueling reports to departments for review. Any key fobs with low or no activity will be deactivated.

Estimated Date of Completion: 4/1/2011

7. Fueling Operations Policies and Procedures

Recommendation 7.1
Fleet Services management should document policies and procedures that address the following areas:

- Guidelines on the use of city fueling stations by employees
- Proper initiation and completion of fueling transactions at the pumps
- Guidelines on the use of CNG cards and CNG pump use
- Guidelines on the use of key fobs
- Consequences for misuse of the city fuel system
- Roles and responsibilities of departments in monitoring fueling transactions

These policies and procedures once adopted should be communicated and made accessible to city employees.

Management Action Plan: Develop a city wide Policy clearly explaining fueling procedures and in conjunction with recommendation 1.1, provide detailed reports so that each department can readily ascertain suspicious fueling activities and report such activity to appropriate city staff.

Estimated Date of Completion: 6/15/2011

8. Standard Operating Procedures

Recommendation 8.1
Fleet Services management should document desk procedures related to its responsibilities in the oversight of the City's fueling operations including the following areas:

- Fuel System Administration
- Fueling Transaction Reporting
- CNG Cards Oversight
- Key Fobs Oversight

Management Action Plan: Develop internal procedures and cross train Fleet Services staff in the monitoring of the city's fuel systems.

Estimated Date of Completion: 6/15/2011

City of Las Vegas

Agenda Item No.: **8.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

☐ **Consent** ☒ **Discussion**

SUBJECT:
Discussion and possible action on Audit of Leisure Services - Sport Fields Administration (1603-1011-03)

Fiscal Impact

☒ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
City Auditor's Office staff will review the Audit of Leisure Services - Sport Fields Administration (1603-1011-03).

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
Audit of Leisure Services - Sport Fields Administration (1603-1011-03)

CITY AUDITOR'S OFFICE

AUDIT OF LEISURE SERVICES - SPORT FIELDS ADMINISTRATION

Report No. CAO 1603-1011-03

September 22, 2010

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

AUDIT OF LEISURE SERVICES
SPORT FIELDS ADMINSTRATION

CAO 1603-1011-03

BACKGROUND

The administration of the City of Las Vegas (City) sport fields is the primary responsibility of the Municipal Sports Unit (MSU) within the Adaptive Division of the Department of Leisure Services (Leisure Services). A senior recreation leader provides oversight and the daily operations are performed by a recreation leader, office specialist, and a part-time staff member. In addition, seven part-time field monitors are employed to oversee the City sponsored adult leagues.

Two primary responsibilities of this unit are:

Administration of City sponsored adult leagues

- Adult leagues include softball, soccer, and outdoor volleyball.
- Each team pays a registration fee to participate.
- Four sessions are offered each year.
- Softball sessions consist of 14 regular games with a single elimination playoff.
- Soccer and outdoor volleyball sessions consist of 8 regular games with a single elimination playoff.

Allocation of City sport fields for outside user groups

- Includes three types of user groups:
    - ***Walk-in users:*** Users that rent sport fields for a couple of hours at a time. User groups that verify their non-profit status are charged $10 per hour for field usage and other groups are charged $20 per hour for field usage. These user groups account for approximately 5 to 10 percent of sport field allocation.
    - ***League users:*** Youth and adult leagues are allocated sport field usage during two allocation periods each year – March 1 through July 31 and August 1 through February 28. Youth leagues are charged $100 for each registered team and adult leagues are charged $110 for each registered team. These user groups accounts for approximately 60 to 70 percent of sport field allocation.
    - ***Tournament users:*** User groups rent sport fields for tournaments. Tournament user groups are charged $10 or $20 per field per hour based upon whether organizations have verified their non-profit status and 10 percent of the tournament's registration fees. Tournaments account for approximately 20 to 30 percent of sport field allocation.

The City Council approved fee increases in May 2010 which occurred after the completion of audit fieldwork procedures and are not reflected in the fees noted above.

MSU uses the CLASS computer application to process transactions relating to the rental of sport fields. Each rental is entered into CLASS and assigned a unique rental number. MSU enters the field usage and associated fees for each rental number and processes all payments into CLASS.

Authorized users sign Facility Use Agreements to signify that they agree to the terms indicated for using sport fields. They also sign field permits. Field permits are the official authorization to use City sport fields and indicate who the authorized permit holder is, the assigned parks and fields, and the assigned dates and times of field usage.

Concession permits are processed at the Leisure Services Administration Office. Non-profit organizations who wish to offer concessions at sport fields are required to have a valid field permit, a current Southern Nevada Health District permit, a business license, and general liability insurance.

OBJECTIVES

The audit objective was to evaluate the adequacy of controls over the administration the City's sport fields.

SCOPE AND METHODOLOGY

The scope of this audit was limited to an evaluation of the controls over the administration and monitoring of the City's sport fields. Unless otherwise indicated, detailed testing of records was primarily limited to a review of transactions from July 2008 through December 2009. The last date of fieldwork was May 28, 2010. 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 employees,
- Observations, 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.

The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no affect on the audit or the assurances provided.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The following conclusions were noted relating to the adequacy of controls over the administration the City's sport fields:

- We were unable to ascertain whether fees were collected for all user groups that used the City's sport fields. (Finding #1)
- The assignment of duties does not provide for an adequate segregation of duties. (Finding #2)
- Staff members have the ability to delete transactions and to reassign registration fees from activities that already occurred to subsequent activities without oversight. (Finding #3)
- There are inconsistencies in the methods used by staff members to input data into CLASS that impacts the ability to effectively monitor activities. (Finding #4)
- There are inequities in the allocation of City sport fields. (Finding #5)
- The City is unnecessarily paying for lights when scheduled sport fields are not used. (Finding #6)
- Our fieldwork procedures showed that a systematic process is not in place to ensure that all team rosters and liability waivers are obtained and retained for City sponsored leagues. (Finding #7)
- The current retention period for liability waivers of two years does not cover the three year period for property damage liability claims. (Finding #8)
- A league or tournament user group representative signs a liability waiver for the members of the organization. This representative may not have the legal authority to waive an individual's right to pursue a claim against the City. (Finding #9)
- An inconsistent process is used to ensure that certificates of general liability insurance were obtained and retained for all periods of use. In addition, there are inconsistencies in how the certificates were prepared. (Finding #10)
- No standardized documented security requirements exist for user groups that use City sport fields for league and tournament play. (Finding #11)
- Limited documentation is retained to support that required verifications were completed by Leisure Services administrative staff before issuing concession permits. (Finding #12)
- Adequate procedures are not in place to verify tax exempt status according to the Internal Revenue Services' (IRS) Section 501(c)(3). (Finding #13)
- Leisure Services does not have a memorandum of understanding with NISOA for providing referees to officiate City sponsored adult soccer league games. (Finding #14)

- A systematic process is not used to disable active CLASS access when an operational need no longer exists. (Finding #15)

Further information is contained in the sections below.

1. Limited Assurance Fees were Always Collected

Criteria

Strong management controls and documented policies and procedures over the recording of sales, collection of fees, and reconciliation of sales to collected fees reduces employees' ability to misstate revenue through skimming and understated sale schemes.

Condition

An analysis of the documents used to allocate sport fields to outside entities was completed for the period of July 1, 2008 through December 31, 2009. We were unable to ascertain whether fees were always collected from user groups, as follows:

Field Permits
Field permits are the official authorization to use sport fields. We located 747 field permits for the period of July 1, 2008 through December 31, 2009. Fieldwork procedures included determining whether user groups paid for the field usage indicated on the field permits. For **286 of 747 or 38 percent** of the field permits, we could not associate the field usage with a CLASS rental number to confirm that the following users had paid for their field usage:

- 97 walk-in users
- 186 field permits relating to the allocation of fields for 30 leagues
- 3 tournaments

Facility Use Agreements
User groups sign Facility Use Agreements that represent the agreed upon terms for field usage. We located 88 Facility Use Agreements for the period of July 1, 2008 through December 31, 2009. For **5 of 88 or 6 percent** of these agreements, we could not locate a field permit or associate the field usage with a CLASS rental number for the following user groups to confirm that they had paid for their field usage:

- 2 league field allocations
- 3 tournaments

CLASS Rental Numbers
For the field permits and Facility Use Agreements that we were able to associate with a CLASS rental number, we reviewed the payment information. We found that the user groups either did not pay or paid an incorrect amount for their field usage, as follows:

- 31 rental numbers where the field permit authorized field usage but there was no payment or the incorrect amount was charged in CLASS.
- 16 rental numbers where the tournament was not charged the ten percent registration fee.

In addition, we located 166 rental numbers in CLASS that we could not associate with a field permit or a Facility Use Agreement, for the following user groups:

- 93 walk in users
- 20 league allocations
- 53 tournaments

Cause

There is a lack of strong management controls over the collection of revenue for sport field usage as evidenced by the following:

- No segregation of duties, see Finding Number 2.
- Employees are able to delete or reassign fees in CLASS, see Finding Number 3.
- Inconsistent methods are used to record transactions in CLASS, see Finding Number 4.
- Field permits are not created in or associated with payments in CLASS.
- Field permits do not have identifiers (e.g., sequentially numbered forms) to ensure field permits are only prepared when payment is received on valid authorized field usage.
- No reconciliation of field permits to the fees collected is performed.
- At times, upper management verbally instructs staff to waive certain fees. No documentation exists to support the fee waivers.
- No City employees monitor sport fields during league and tournament play.

Effect

There is a lack of assurance that all revenue has been collected for the usage of sport fields by user groups.

Recommendation

1.1 Leisure Services management should establish, document, and implement effective oversight over the payment for the use of sport fields to include:

- A policy to only issue field permits upon the payment of associated fees for sport field use.
- A process to track all field permits that are issued. This process could include either sequentially numbered field permits or printing field permits in CLASS after payment of fees.
- The reconciliation of field permits issued to CLASS fee payments.
- Standardized fee waiver process.
- Standardized document retention policies to include all relevant documentation.
- Improved/additional CLASS reports to assist with monitoring of sport fields activity.

2. Segregation of Duties Deficiencies

Criteria

A fundamental element of management control is the segregation of key duties that ensures that:

- the functions of authorizing, processing, recording, and reviewing transactions are not completed by the same employee.
- one employee does not have the opportunity to initiate and conceal errors or fraud in the performance of their job duties.

Condition

Discussions with MSU employees and observations of work processes in October 2009 showed that a single recreation leader schedules the field time (authorization), enters the user group activity in CLASS (recording), calculates and processes payments in CLASS (processing), accepts payments (custody over assets), prepares the field permits for field usage (authorization), and programs lights for evening field usage (authorization). A senior recreation leader reviews and reconciles deposit documentation to CLASS. This oversight process does not include reconciling funds received to field usage or provide for an adequate segregation of duties to ensure that appropriate payments were received for all authorized field usage.

Cause

Current processes were developed over time. An overall control assessment was not completed.

Effect

Recreation leaders have the ability to authorize field usage and either charge a reduced fee, not charge a fee, or skim fees without detection.

Recommendation

2.1 Leisure Services management should establish, document, and implement effective policies and procedures to mitigate the identified segregation of duties deficiencies. The implemented policies and procedures should include:

- Segregation of the responsibilities for processing and collection of fees from the allocation of sport fields. Consideration should be given to having the Municipal Sports Unit staff input the field usage and associated fees in CLASS and provide user groups with instructions on how to pay for their fees via an on-line fee payment process.

- Evaluate the feasibility of segregating the responsibility of programming the sport field lights to employees not responsible for allocating sport fields. These employees should be provided with copies of the field permits and the weekly light logs.
- Reconciliation of the funds received to field usage to ensure that appropriate payments are received for all authorized sport fields usage.

3. Proper Authorization of Transactions

Criteria

A fundamental element of management control is the proper authorization of transactions and activities. Proper authorization of transactions ensures that:

- employees do not have the ability to delete transactions in CLASS without management authorization.
- management authorizes the reassignment of payments from prior activities to current transactions.
- one employee does not have the ability to initiate and conceal errors or fraud in the performance of their job duties.

Condition

Fieldwork procedures included querying payment activity for teams that participated in City sponsored sport leagues between July 2008 and July 2009. We noted 11 instances where the registration fee for a City sponsored league team was deleted after the completion of the session. The registration fees were then reassigned to later sessions. The Security Override Log History and the CLASS Daily Cash Balance Report do not indicate that these fee registration reassignments occurred, therefore, employees can process these transactions without detection or oversight. It was not possible to determine what City sponsored league sessions these teams participated in because the documentation that would verify participation (schedules and game cards) is not retained.

A review of the daily deposit process showed for 3 of 20 deposits, the recreation leader deleted a payment and entered a subsequent payment in CLASS. These transactions are included on the CLASS Daily Cash Balance Report and therefore the employee reviewing the deposits should notice the transactions. However, the deletions of payments are not listed on the Security Override Log History which would indicate a second employee was not required to authorize the deletion.

Cause

- CLASS security access rights allow users to delete transactions and reassign fees from one activity to another without oversight.
- CLASS sessions are not closed out which allows employees to add user groups to prior sessions.

Effect

Recreation leaders have the ability to steal funds without detection.

Recommendation

3.1 Leisure Services management should change CLASS security access rights to ensure that employees require management approval to delete transactions or reassign registration fees from activities that have already occurred to subsequent events.

3.2 Leisure Services management should document and implement policies and procedures to close out session activity once sessions are over. Management should determine whether CLASS can be programmed to automatically close sessions and consider having this done.

3.3 Leisure Services management should determine which documentation to retain. At a minimum, team rosters, game cards, and schedules should be retained. Once determined, they should document and implement policies and procedures to include the retention of these documents for specified time periods.

4. CLASS Data Input Inconsistencies

Criteria

The quality (accuracy, completeness, relevance) of data retrieved from computer applications is only as good as the data entered into computer applications. Establishing consistent data entry protocols for computer applications improves the quality of and the ability to retrieve relevant information.

Condition

In reviewing CLASS data relating to MSU responsibilities, we identified inconsistencies in the methods used by the various staff members to input data into CLASS. The following inconsistencies impact the ability to effectively monitor activities:

- ***Contact information*** - Entering different telephone numbers, addresses, or contact information for previously established user groups.
- ***Spelling of information*** **–** Entering different identifiers such as the team's initials or an abbreviated version of a name to describe information instead of using previously established information.
- ***Documenting authorized field usage*** **–** Using inconsistent methods to enter field usage information such as listing one hour for the first day of a leagues' allocation period instead of listing all assigned parks and fields and the assigned dates and times of field usage therefore CLASS does not reflect the actual scheduling of fields.
- ***Rental Numbers*** - Using a rental number from a previous year to document new field usage.

Cause

- Employees are not given CLASS training relating to their specific job responsibilities. Each employee "figures out" CLASS as they learn their job.
- A standard data entry protocol has not been established to instruct employees on how to enter data into CLASS when authorizing sport field usage.

Effect

A new user group is established in CLASS when different data is input for an organization. The activities of the newly established user group are not associated with the previously established organization. Inconsistencies in data entry result in the following:

- It is difficult to retrieve data or obtain a historical snapshot of user groups.
- It is difficult to query CLASS and run reports that allow management to effectively monitor activities.
- The payment histories of previously established organizations are not associated with the new user groups. If the original organizations owe MSU for prior field usage, fields could be allocated to new user groups without receiving payment for prior field usage.

Recommendation

4.1 Leisure Services management should establish, document, and implement standard data input protocol for CLASS specific to sport fields. Current and new employees should be provided with standardized training on the use of CLASS.

5. Inequities in the Allocation of City Sport Fields

Criteria

Department of Leisure Services
Allocation and Permitting of Outdoor Athletic Facilities Policy
The Sports Department will schedule fields in a manner that provides priority access for youth, and to the extent possible, protects the fields from overuse. ***Historical use****, league size and seasons will be considered in establishing priorities amongst groups or organizations seeking the same locations and/or field times.*

Condition

An analysis of the league user group sport field allocation process for the Spring 2010 allocation period was completed. The spring allocation period consists of March 1, 2010 through July 31, 2010.

In the current MSU fee structure, youth leagues pay $100 and adult leagues pay $110 for each team included in their league for each allocation period. Some leagues include both youth and adult teams. This is reflected below in the **League Allocation Fee per Team column** of the analysis.

Information was extracted from CLASS to determine the **Number of Teams per League** and each **League Total Allocation Fees.** Field permits were used to determine the **Total Number of Hours of Field Time** allocated to each league. At times, other events take precedence over league play. The field permits do not indicate exception dates, therefore, these time periods were not considered in the below analysis.

The analysis shows inequities of how sport fields are allocated to the various leagues. For the 26 randomly selected leagues included in this analysis, the **Hourly Cost per Paid per Allocation Period** ranged from **$0.54 to $6.67** for each of hour of field usage assigned to the leagues. In addition, **the Average Number of Hours of Field Time Assigned to each team** in the league ranged from **185 hours to 15 hours**. The complete analysis is shown on the following page.

Field Allocation Analysis

League	Number of Teams per League	League Allocation Fee Per Team	League Total Allocation Fees	Total Number of Hours of Field Time	Hourly Cost Paid per Allocation Period	Average Hours of Field Time (Per Team)
A	6	$ 100	$ 600	90	**$ 6.67**	**15**
B	24	$ 110	$ 2,640	460	$ 5.74	19
C	26	$ 100 & $ 110	$ 2,780	594	$ 4.68	23
D	22	$ 100	$ 2,200	546	$ 4.03	25
E	19	$ 100	$ 1,900	572	$ 3.32	30
F	391	$ 100	$ 39,100	12,670	$ 3.09	32
G	25	$ 110	$ 2,750	940	$ 2.93	38
H	72	$ 100 & $ 110	$ 7,720	2,748	$ 2.81	38
I	18	$ 110	$ 1,980	704	$ 2.81	39
J	30	$ 110	$ 3,300	1,176	$ 2.81	39
K	24	$ 110	$ 2,640	966	$ 2.73	40
L	30	$ 100	$ 3,000	1,326	$ 2.26	44
M	51	$ 100	$ 5,120	2,448	$ 2.09	48
N	42	$ 110	$ 4,620	2,024	$ 2.28	48
O	30	$ 100	$ 3,000	1,672	$ 1.79	56
P	31	$ 100	$ 3,100	1,730	$ 1.79	56
Q	51	$ 100 & $ 110	$ 5,120	2,882	$ 1.78	57
R	12	$ 100	$ 1,200	759	$ 1.58	63
S	36	$ 100	$ 3,600	2,736	$ 1.32	76
T	9	$ 110	$ 1,030	814	$ 1.27	90
U	22	$ 110	$ 2,420	2,046	$ 1.18	93
V	24	$ 100	$ 2,400	2,772	$ 0.87	116
W	44	$ 100	$ 4,400	5,502	$ 0.80	125
X	44	$ 100	$ 4,400	6,314	$ 0.70	144
Y	31	$ 100	$ 3,100	4,950	$ 0.63	160
Z	77	$ 100	$ 7,700	14,212	**$ 0.54**	**185**

Cause

- Historical usage is one of the elements used to allocate sport fields. Over time, as leagues were allocated additional field usage this became the norm.
- At times, staff is instructed to provide additional field usage to certain user groups that increase their field allocation total.
- Leisure Services has not completed a review of the allocation of sport fields to determine the effectiveness of the process. They recently commissioned a field allocation study to assess this process.

Effect

- The current process results in an inequitable distribution of the sport field usage hours allocated to the various user groups.
- Leagues allocated a higher percentage of fields with a lower fee per hour have an unfair advantage.

Recommendation

5.1 Leisure Services management should establish a more equitable method of allocating sport fields. Consideration should be given to:

- Establishing a maximum number of hours of sport field usage for each registered league team. When available, leagues could contract for additional sport field usage at an additional fixed hourly rate.
- Implementing a standardized process to document authorized exceptions to the standard field allocation process. This standardized process should be documented in policies and procedures.
- Performing periodic analyses of the sport field allocation process to ensure an equitable allocation of sport fields. The method used to complete this analysis should be documented in policies and procedures.

6. Lighting of Sport Fields

Criteria

Field Use Agreement
Leagues' schedules must be submitted at least one week prior to the start of the season so that proper light schedules and field maintenance schedules may be implemented.

Condition

Leagues allocated City sport fields for evening usage submit to MSU their required light schedules (light logs). MSU uses the light logs to program lights for the sport fields. Observations of City sport parks were conducted between the hours of 8 PM and 11 PM during the period of April 9 and April 26, 2010. The observations were conducted on 6 different nights and included 17 parks. Our procedures included randomly selecting certain sport fields for observations at different times during the same evening and over multiple evenings. The results of our observations showed that **42 percent of Total Fields** and **61 percent of Observed Fields with Lights On**, **were not being used**, as represented in the chart below:

Evening Sport Fields Observations

Total Fields	183
Observed Fields with Lights On	125
Observed Fields with Lights On, in use	**49**
Observed Fields with Lights On, not in use	**76**
Percentage of "Total Fields" with lights on, not in use	**42 %**
Percentage of "Observed Fields with Lights On", not in use	**61 %**

The National Weather Association issued a weather advisory for April 28, 2010 due to 60 mile an hour wind forecasts. Observations were conducted at seven parks on this evening between the hours of 7:00 PM and 9:00 PM. The results of our observations showed **58 percent of Total Fields** and **78 percent of Observed Fields with Lights On, were not being used,** as noted in the chart below:

Adverse Weather Condition Observations

Total Fields	50
Observed Fields with Lights On	37
Observed Fields with Lights On, in use	**8**
Observed Fields with Lights On, not in use	**29**
Percentage of "Total Fields" with lights on, not in use	**58 %**
Percentage of "Observed Fields with Lights On", not in use	**78 %**

MSU will shut down sport fields and turn lights off under certain weather conditions such as rain. A staff member indicated that other weather conditions such as wind have varying impacts on sport field usage. For example, depending on the location of the sport fields, high winds may or may not impact the ability to use the fields.

Representatives of the Henderson and North Las Vegas Sports Offices indicated that they charge a per hour rate for field usage and add an additional fee when the user group requires lights. The user groups are charged for their assigned field usage if they fail to notify the Sports Office when they will not be using the fields. A representative of the Clark County Sports Office indicated that Clark County has employees monitor the sport fields to ensure the users have valid field permits and the fields are used in accordance with the assigned use. Leagues that fail to notify when they will not be using the sport fields are given warnings and could have their field permits revoked.

Cause

- The Facility Use Agreement signed by the league representatives include a requirement to submit light logs but does not include a requirement to notify MSU if they are not using the fields.
- Many of the users submit generic light logs for the entire season and do not notify MSU if they change their schedules.
- User groups do not pay an additional fee for their light usage. In addition, there are no documented consequences for not notifying MSU if they are not using the fields. Therefore, the user groups do not have an incentive to notify MSU when they will not be using the fields.
- Our observations showed that many of the youth league games and practices were concluding between 8:30 PM and 9:00 PM. Their allocation time periods and light logs did not end until 10:00 PM or 11:00 PM.
- Some of the fields have a push button light feature that anybody can activate until 10:30 PM; therefore, MSU is not able to control the usage of these lights.
- MSU has a very limited staff and is not able to proactively monitor whether leagues are using fields.

Effect

- The City is unnecessarily paying for lights when sport fields are not used. The City's Utility Coordinator indicated that light wattage can vary per field. For example, if the City paid $.10 per kilowatt per hour, it is estimated that it would cost $23.00 to light a softball (with 6 light poles) for an evening based upon a 5 hour evening. This cost would increase by 30 percent for a baseball field (8 light poles) or about $30 for the same amount of time. Soccer and football fields have 6 and 8 light poles and therefore have similar costs associated with lighting these fields.
- Citizens see lights on at sport fields and conclude that the City is not an effective steward of taxpayer funds.

Recommendation

6.1 Leisure Services management should evaluate the allocation of sport fields to user groups to ensure that the assigned sport field time frames are consistent with the user groups actual schedules/usage.

6.2 Leisure Services management should evaluate the feasibility of charging user groups for light usage. This could be accomplished by determining the actual cost of lighting fields and implementing a pilot program starting with a set percentage of cost recovery for light usage. The cost recovery percentage can be modified over time to eventually have a 100 percent cost recovery for light usage.

6.3 Leisure Services management should work with Traffic Engineering Field Operations to determine which fields have the push button light activation feature and evaluate the feasibility of reprogramming the lights on these fields to a method that can be controlled by Municipal Sports Unit staff.

6.4 Leisure Services management should establish, document, and implement effective policies and procedures to mitigate the issues associated with lighting City sport fields when the user groups are not using the fields. The implemented policies and procedures should include:
- The method used to evaluate allocating sport fields to user groups to ensure that the assigned sport field time frames are consistent with the user group actual schedules/usage.
- The method used to evaluate charging user groups for light usage.
- The incorporation of language in the Facility Use Agreement of the requirement for user groups to require user groups to provide weekly light logs and to notify the Municipal Sports Unit that they will not be using the fields.
- The implementation of consequences for user groups who fail to notify the Municipal Sports Unit when they will not be using sport fields.
- The implementation of a policy relating to inclement weather conditions.

7. City Sponsored Leagues Liability Waivers

Criteria

Adult Softball Leagues Rules and Regulations
Player Contracts
All players must sign and complete their own contract card. Coaches must complete a roster for each session*. These forms must be turned in by the second week of the session. Forms can be given to the field monitor. Failure to return a team roster or player*

contract cards to the Sports Office can result in your team receiving forfeit losses for any/all games in which information is not on record.

Rosters must be turned in by the first game*. Failure to run team rosters into the Sports Office will result in your team being awarded losses for all games until the roster is turned in to the office. Players listed on the roster with incomplete information (i.e. no identification number or signature) will be considered ineligible and will be cause for forfeit if protested.*

All ***rosters/waivers*** *need to be turned into the Sports Office by the first week of the league. Failure to turn in team rosters/waivers will results in your team being awarded losses for all games until the roster is turned into the office.*

Adult Soccer Leagues Rules and Regulations: Roster and Eligibility
All players must have properly signed an official players contract and it must be on file at the City of Las Vegas Department of Leisure Services.

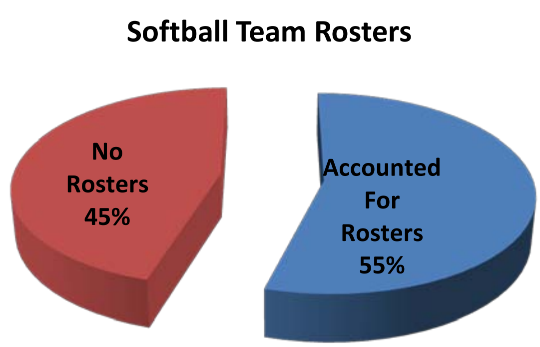
Note: Any player who does not personally sign his own player contract shall be declared an illegal, non-contracted player.
Any team using an ineligible player will forfeit the game in which the player participated.

The waiver/contract card referred to above and used by MSU is called the Official Player, Contract, Waiver, Release of Liability, and Indemnification Agreement.

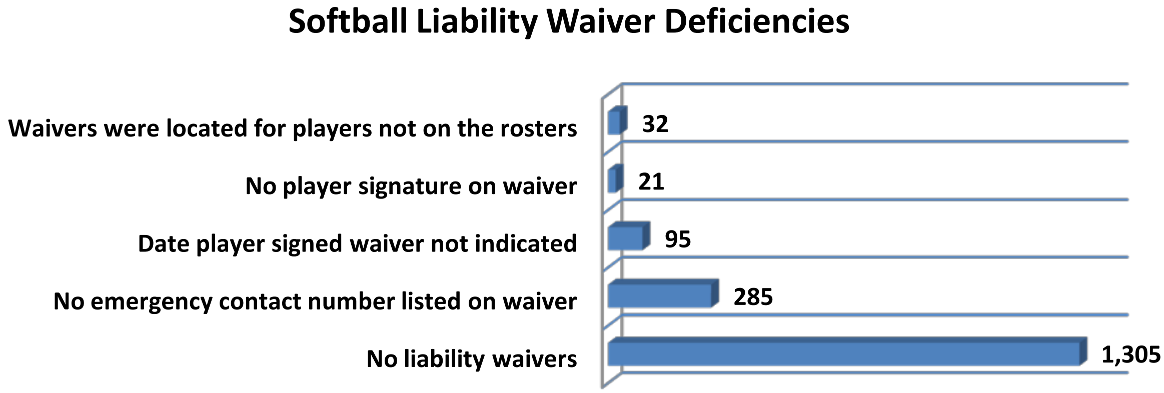
Condition

Leisure Services sponsors four adult softball and soccer league sessions each year. An analysis was completed for the period of July 2008 through June 2009 to determine whether team rosters and liability waivers are obtained and retained for individuals participating in these leagues. The analysis showed that although league teams are instructed to turn in team rosters and signed liability waivers within the first week of the league, a systematic process is not in place to ensure all team rosters and liability waivers are obtained and retained.

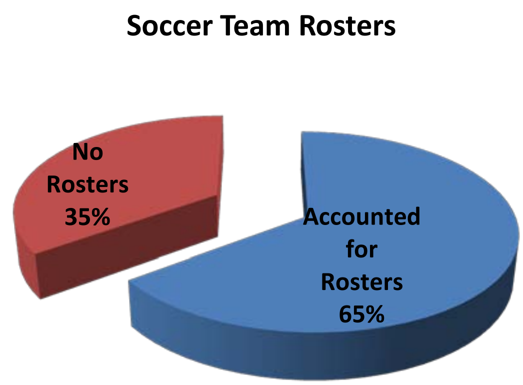
Adult Softball Leagues



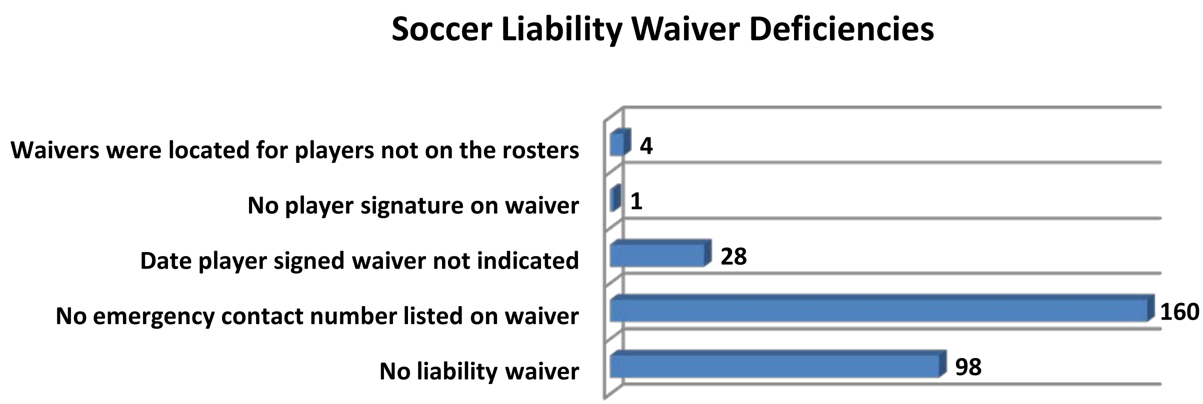
A review of the available team rosters and liability waivers showed that 365 teams played on City adult softball leagues between July 2008 and June 2009. We were unable to locate ***165 of 365 or 45 percent of the team rosters,*** as indicated to the left. Without team rosters, we could not confirm how many individuals participated in these adult softball league games or if liability waivers were collected for the team members. For the 199 softball team rosters that were located, we reviewed the available liability waivers. No liability waivers were found for 1,305 of 2,674 or ***49 percent of the team members.*** A review of the available liability waivers was completed. This review showed that the waivers included incomplete and missing information as noted in the following chart.



Adult Soccer Leagues



A similar review of the team rosters and liability waiver of the 57 teams that played on City adult soccer leagues between July 2008 and June 2009. We were unable to locate ***20 of 57 or 35 percent of the team rosters***, as indicated to the right. Without team rosters, we could not confirm how many individuals participated in these adult soccer league games or if liability waivers were collected for any of the team members. For the 37 soccer team rosters that were located, we reviewed the available liability waivers. No liability waivers were found for ***98 of 649 or 15 percent of the team members.*** A review of the available liability waivers was completed. This review showed that the waivers included incomplete and missing information as noted in the following chart



Cause

A systematic process is not in place to ensure that all team rosters and signed liability waivers are obtained and retained.

Effect

Individuals who pursue claims against the City when they are hurt or personal property is damaged while participating in City sponsored league activity may be awarded $75,000 for damages if the City does not collect and retain signed liability waivers.

Recommendation

7.1 Leisure Services management should document and implement policies and procedures to ensure that prior to the beginning of City sponsored league play:
- All individuals that participate in the City sponsored leagues sign an Official Player Contract, Waiver, Release of Liability, and Indemnification Agreement.
- Each team submits a team roster.
- A Leisure Service employee ensures that a signed liability waiver is obtained and retained for each individual that is listed on the team roster.

8. Liability Waiver Retention Policy

Criteria

Official Player Contract, Waiver, Release of Liability, and Indemnification Agreement
*I assume all risks of injury to my **person and property** that may be sustained in connection with the stated and associated activities in and about the premises.*

NRS 11.190 Periods of Limitation

Except as otherwise provided in NRS 125B.050 and 217.007, actions other than those for the recovery of real property, unless further limited by specific statute, many only be commenced as follows:

*3. Within **3 years**:*

*(c) An action for taking, detaining or injuring **personal property**…*

*4. Within **2 years**:*

*(e) Except at otherwise provided in NRS 11.215, an action to recover damages for **injuries to a person or for the death of a person**…*

NRS 41.035 Limitation on Awards for Damages in Tort Actions (Effective through September 30, 2011)

An award for damages in an action sounding in tort brought under NRS 41.031 or against a present or former officer or employee of the State or any political subdivision, immune contractor or State Legislator arising out of an act or omission within the scope of his public duties or employment may not exceed the sum of $75,000, exclusive of interest computed from the date of judgment, to or for the benefit of any claimant. An award may not include any amount as exemplary or punitive damages.

Leisure Service: Adaptive Recreation – Retention Schedule
Statements or Waivers Releasing a Park or Recreation Department from Liability for Personal Injury.
Minimum Retention Period:
***Two (2) calendar years** from the cessation of activity for which the release/waiver was signed, if no action is pending.*

Condition

Individuals that participate in City sponsored leagues are required to sign the Official Player, Contract, Waiver, Release of Liability, and Indemnification Agreement (liability waiver). This waiver releases the City from liability for personal injury and property damage that occurs during City sponsored league play. Leisure Services current retention policy requires these documents be retained for two calendar years for personal injury claims. NRS 11.190 states that individuals who wish to **recover damages for property loss have three years to pursue action.** Therefore, the minimum retention period does not cover the entire period for claims relating to damage to personal property.

Cause

The current retention policy addresses personal injury claims but does not address property damage claims.

Effect

Individuals who pursue claims against the City when personal property is damaged while participating in City sponsored league activity may be awarded $75,000 for damages if the City does not retain signed liability waivers for the three year period.

Recommendation

8.1 Leisure Services management should modify the retention period for the Official Player, Contract, Waiver, Release of Liability, and Indemnification Agreement to three years to include the entire three year period for property damages.

9. League and Tournament User Group Liability Waivers

Criteria

Effective sport field usage policies include ensuring that the City is protected from individuals pursuing legal action to recover damage to personal property or personal injury that occurs on City property.

Condition

Various user groups rent City sport fields for sport leagues and tournaments. Representatives of these entities sign waivers as part of the field permits and the facility use agreements. In these waivers, the representative agrees to "*indemnify and save harmless the City of Las Vegas, Nevada, against any and all liability, loss damages, costs or expenses which it may hereafter incur, suffer, or be required to pay by reason for any personal injury suffered by myself or an member of the organization or any spectator or attendee of any activity of the organization to any person or property as a result of any activity or myself or of the organization.*"

Leisure Services does not require individuals that participate in these activities to sign liability waivers. A representative of the user groups may not have the legal authority to waive an individual's right to pursue a claim against the City.

Cause

Leisure Services' current policies do not require league and tournament user groups to provide team rosters and individual participants to sign liability waivers.

Effect

Individuals pursuing legal action to recover damage to personal property or personal injury that occurred during league and tournament user group activity may be able to recover damages if the City has not implemented adequate policies and procedures to mitigate claims.

Recommendation

9.1 Leisure Services management should seek counsel from the City Attorney's Office on what requirements league and tournament user groups should follow to limit the City's liability when users are hurt or personal property is damaged while using City sport fields. Once determined, Leisure Services management should implement and document applicable policies and procedures and provide training to appropriate employees.

10. Certificates of General Liability Insurance

Criteria

According to the Facility Use Agreement for league and tournament user groups:

"All users shall maintain an insurance policy with the City of Las Vegas named as co-insured of $1,000,000 single limit liability per occurrence. A copy of this policy must be submitted to the City when permits are issued."

Condition

A review of file folders for league and tournament user groups for the period of July 1, 2008 through December 31, 2009 showed that a consistent process was not used to ensure that certificates of general liability insurance were obtained and retained for all periods of use. In addition, instances of inconsistencies in how the general liability certificates were prepared are noted below:

- Clark County was listed instead of the City as the additional insured.
- The league was listed instead of the City as the additional insured.
- The general liability certificate did not list an additional insured.
- The general liability certificate specified certain sport fields to be included.
- The league name was not listed on the general liability certificate; instead the league's name was added in pencil.
- The City employee that oversees granting concession permits indicated that the user group general liability insurance coverage also covers concession stands. The general liability certificates do not address concession stands.

Cause

Established policies and procedures are not in place to ensure that certificates of general liability insurance are obtained and reviewed for pertinent requirements.

Effect

Certificates of general liability that are not obtained or incorrectly executed may limit the City's ability to recoup damages.

Recommendation

10.1 Leisure Services management should ascertain how the general liability certificates should be executed, document the guidelines, provide training to the applicable employees, and provide notification to the user groups.

11. Security Requirements

Criteria

Effective sport field usage policies include ensuring that City property is protected by requiring security plans and coverage for established user group thresholds based upon the nature of the activity.

Condition

Leisure Services employees do not provide on-site monitoring of league or tournament user group activities or require any user groups to provide private security during their events. User groups that have indicated they will be providing concessions during tournaments **may** be required to obtain a Temporary Event Operator permit through Business Licensing. When such a permit is required, the operator indicates on the Temporary Event Application whether they have contracted with a private security provider. However, no standardized documented security requirements exist for user groups that use City sport fields.

Cause

Leisure Services leaves it to the discretion of the user groups to decide whether they want to provide private security services during their activities.

Effect

- City sport fields may not be adequately secured.
- Potential safety issues for participants and observers of events.

Recommendation

11.1 Leisure Services management should consult with the City Attorney's Office to determine the circumstances in which league and tournament user groups should be required to contract and pay for private security services during their events. Once determined, Leisure Services management should implement and document applicable policies and procedures and provide training to appropriate employees.

12. Concession Permits

Criteria

Effective policies and procedures relating to issuing concession permits include verifying that relevant documentation is obtained or reviewed before issuing permits. Leisure Services' current policy requires verifying the following documents:

- If non-profit, Section 501(c) (3) documentation
- If profit, One Time Sales Tax Returns
- Original Business License
- Temporary Health Permit
- General Liability Insurance Certificate

Condition

Organizations that provide concessions during events held at City sport fields are required to obtain a concession permit through Leisure Services. The current policy is to grant concession permits to non-profit organizations that are tax exempt according to the Internal Revenue Service (IRS). Before permits are issued, the entities are required to provide copies of their field permit, payment of a $50 key deposit to obtain a key for the concessions area, documentation showing their non-profit status (State of Nevada non-profit business license and tax exempt status per Section 501(c)(3) of the Internal Revenue Code)), a Southern Nevada Health District health permit, and a general liability insurance certificate. A $50 fee for the concession permit is collected by the Leisure Services' administrative staff and recorded in CLASS for each permit issued.

A query of the CLASS system showed that 20 concession permits were issued during the period of July 2008 through June 2009. Audit procedures included ensuring that required steps were completed and necessary documentation was retain for the issued concession permits. No documentation was on file for **9 of 20 or 45 percent** of the issued concession permits. The following discrepancies were noted with the remaining 11 permits:

- A copy of the field permit was not on file for four issued concession permits.
- Organizations are required to have a $50 key deposit on file for each concession stand they are issued a key. We could not confirm that the key deposit was on file for nine concession stand locations.
- Documentation did not substantiate whether Leisure Services staff verified that nine organizations had a valid Nevada non-profit business license.
- Documentation did not substantiate whether Leisure Services staff verified that nine organizations held current IRS Section 501(c)(3) tax exempt status.
- The time period listed for five concession permits was different than the time period on the Southern Nevada Health District permits.

Cause

Standardized policy or procedures on concession operations has not been adopted and provided to staff who issue concession permits.

Effect

It is not possible to determine whether organizations that were issued concession permits provided all the required documentation and complied with the requirements.

Recommendation

12.1 Leisure Services management should document and implement policies and procedures for the issuance of concession permits. Training should be held for the applicable employees.

13. Non-Profit Status

Criteria

Leisure Services current process requires concession stand operators and sport field users that receive a non-profit rate be classified as tax exempt under IRS Section 501(c)(3). According to the IRS website, to qualify as tax-exempt, an organization must:

- Be organized and operated exclusively for exempt purposes as outlined in the Code.
- Be organized as a trust, a corporation, or an association.
- Have an exempt purpose.
- Submit a completed, signed and dated application to the IRS.

Condition

Non-Profit Status for Concession Permits

As noted above in Finding Number 10, no documentation was on file for nine of the concession permits issued during July 1, 2008 and June 30, 2009 and it was not possible to substantiate whether the non-profit status had been verified for an additional nine organizations. Six of the organizations that received concessions permits were randomly selected and queries were completed of the Nevada Secretary of State and the IRS websites to ascertain their current tax exempt status. As noted below, discrepancies were found with all six organizations.

- One organization was a Nevada Domestic Corporation not organized as non-profit. In addition, it was not tax exempt under Section 501(c)(3).
- Two organizations were Nevada Domestic Non-Profit Corporations; however, they were not tax exempt under Section 501(c)(3).
- One organization was tax exempt under Section 501(c)(3); however, its Nevada Domestic Corporation business license was revoked.
- Two organizations did not have a Nevada business license and were not tax exempt under Section 501(c)(3).

Non-Profit Status for Sport Field User Groups

A review of the sport field rental agreements for tournaments and walk-in user groups for the period of July 1, 2008 through December 31, 2009 showed that only 20 file folders included documentation relating to verifying non-profit status. Four of the organizations provided confirmation from the IRS that the organization was tax exempt under Section 501(c)(3). The other 16 organizations provided other documentation such as the Nevada Corporate Charter, Nevada Articles of Incorporation or the Nevada list of officers, directors and registered agents. This documentation confirms that these organizations were organized as Nevada non-profit organizations but does not confirm tax exempt status per Section 501 (c)(3).

Cause

Staff members do not know what documentation to use to confirm tax exempt status per Section 501(c)(3).

Effect

Leisure Service employees are not adequately confirming non-profit status for vendors and user groups that use City property.

Recommendation

13.1 Leisure Services management should ascertain what documentation they deem to be acceptable for determining non-profit status, document the criteria, and provide training to the applicable employees.

14. Memorandum of Understanding

Criteria

Leisure Services has a memorandum of understanding (MOU) with the American Fastpitch Association (AFA) to provide umpires to officiate league and tournament play for the City recreational adult softball program. The MOU provisions include the following sections:

- AFA responsibilities relating to league and tournament play.
- City responsibilities relating to league and tournament play.
- An understanding that AFA will provide umpires without expectation of compensation from the City.
- A requirement that AFA will provide a million dollars of general liability insurance that lists the City as an additional insured party.
- A requirement that AFA "will protect, defend, indemnify and save the City, its officers and employees harmless form and against any and all claims, liability, damages, demands, losses, expenses, suits, liens, judgments, attorney fees or court costs of whatever nature including, but not limited to, claims for contribution or indemnification for injuries to or death of any person or person or damage or loss to the City premises".

Condition

NISOA provides referees to officiate the games for the City sponsored adult soccer league. Leisure Services does not have a signed MOU with NISOA to provide these services.

Cause

Leisure Services negotiated with NISOA to provide the service and did not formally document the results of the agreement.

Effect

Without a signed, written agreement with NISOA each party's responsibilities are not documented.

Recommendation

14.1 Leisure Services management should pursue implementing a signed, written Memorandum of Understanding with NISOA that documents the terms for providing referees to officiate league and tournament play for the City recreational soccer program.

15. Disabling CLASS User Access

Criteria

Information Security Procedure IT 134a.1
Responsibilities and Authority

The Data Owner is responsible for:
Ensuring that only those individuals who have an operational need can access data.

Individual Access Controls
Only properly authorized persons may access City systems. The following access controls must exist for every system/application used on the City's infrastructure:

- *Individuals are granted access only to those information systems, databases, information, and resources necessary for the performance of their official duties; (part a)*
- *Access control processes must be in place for all applications and any changes to processes and access control mechanisms must be coordinated by the Data Owner and the ISCA; (part b)*
- *Access for persons who are not City employees or on contract to the City of Las Vegas, must be sponsored by an appropriate level of management (City Manager, Deputy City Manager, Department Director); and (part h)*
- *Access to accounts shall be disabled promptly upon the departure of a user or when a user's duties change and access is no longer authorized. (part i)*

Condition

Leisure Services grants access to CLASS by adding the employee names to user listings. Each user listing gives employees different security rights to use CLASS. Depending on job responsibilities, employees may be included on multiple user listings. The names listed on three CLASS user listings as of December 3, 2009 were compared to Human Resource data in Oracle to determine current employment status. The results of the analysis showed that a systematic process is not used to disable CLASS access, as follows:

CLASS User Listings	Total Employees	Current Employees	Former Employees	Not an Employee (current or former) per Oracle
Clerk	421	111	183	127
User Group	230	180	31	19
Full Time	230	180	31	19

Cause

Leisure Services has not implemented policies and procedures to monitor CLASS access to disable user computer access when an operational need no longer exists.

Effect

The lack of regular monitoring of computer system access results in the potential for unauthorized access to CLASS and non-compliance with City IT policies.

Recommendation

15.1 Leisure Services management should:

- Disable active CLASS computer system access for individuals that no longer have an operational need to use CLASS.
- Develop, document, and implement procedures to ensure that CLASS computer system access is disabled when:
    - employees leave employment with the City.
    - employees assume City positions that no longer require access to CLASS.
- Implement a periodic review of the computer system access rights to verify that all access changes have been made.

MANAGEMENT RESPONSE

1.1 Limited Assurance Fees were Always Collected

Recommendation

Leisure Services management should establish, document, and implement effective oversight over the payment for the use of sport fields to include:

- A policy to only issue field permits upon the payment of associated fees for sport field use.
- A process to track all field permits that are issued. This process could include either sequentially numbered field permits or printing field permits in CLASS after payment of fees.
- The reconciliation of field permits issued to CLASS fee payments.
- Standardized fee waiver process.
- Standardized document retention policies to include all relevant documentation.
- Improved/additional CLASS reports to assist with monitoring of sport fields activity.

Management Plan of Action

- Leisure Services will develop a policy to address payments prior to permitting, this has been a working practice since June of 2010. (Completion Date January 2010)
- LS will work toward providing a permit through CLASS or sequentially numbering the field permits. (Completion Date January 2011)
- LS will have the CLASS administrator run a monthly usage report to identify field permits to user groups. (Completion Date September 2010)
- Leisure Services has a standard process concerning fee waivers and will issue an email reminding all Municipals Sports staff of the process (Completion Date August 15, 2010.
- Leisure Services will outline for the Municipal Sports office what paper work is required to be kept in accordance with the records retention policy. (Completion Date December 2010)
- LS Management and the CLASS administrator will produce a monthly usage report and try to develop a report that will satisfy oversight of field usage. (Completion Date January 2011)

Estimated Date of Completion

January 2011

2.1 Segregation of Duties Deficiencies

Recommendation

Leisure Services management should establish, document, and implement effective policies and procedures to mitigate the identified segregation of duties deficiencies. The implemented policies and procedures should include:

- Segregation of the responsibilities for processing and collection of fees from the allocation of sport fields. Consideration should be given to having the Municipal Sports Unit staff input the field usage and associated fees in CLASS and provide user groups with instructions on how to pay for their fees via an on-line fee payment process.
- Evaluate the feasibility of segregating the responsibility of programming the sport field lights to employees not responsible for allocating sport fields. These employees should be provided with copies of the field permits and the weekly light logs.
- Reconciliation of the funds received to field usage to ensure that appropriate payments are received for all authorized sport fields usage.

Management Plan of Action

- LS is looking at online registration only, but has significant issues because of the amount of sponsorship and third party registration: looking long term to electronic registration only. (Completion Date August 2011)
- LS agrees with the recommendation of segregating duties but currently does not have the staff members available to add additional employees to the sports office, LS will make the continue to evaluate the feasibility of adding staff as the impacts of FSR for 2011 are rolled out.
- LS will run a monthly usage report from CLASS and cross check it with the field permits issued to ensure that payment and activity correlate. (Completion Date September 2011)

Estimated Date of Completion

September 2011

3.1 Proper Authorization of Transactions

Recommendation

Leisure Services management should change CLASS security access rights to ensure that employees require management approval to delete transactions or reassign registration fees from activities that have already occurred to subsequent events.

Management Plan of Action

LS Management agrees to limit access rights and require management approvals to reassign registration fees through Manager or Class Administrator.

Estimated Date of Completion

September 2010

3.2 Proper Authorization of Transactions

Recommendation

Leisure Services management should document and implement policies and procedures to close out session activity once sessions are over. Management should determine whether CLASS can be programmed to automatically close sessions and consider having this done.

Management Plan of Action

CLASS cannot automatically close out sessions, LS management and the CLASS administrator will work toward having the DRAG committee close out sessions on a monthly basis

Estimated Date of Completion

September 2010

3.3 Proper Authorization of Transactions

Recommendation

Leisure Services management should determine which documentation to retain. At a minimum, team rosters, game cards, and schedules should be retained. Once determined, they should document and implement policies and procedures to include the retention of these documents for specified time periods.

Management Plan of Action

LS management will add team rosters, game cards, and schedules to the records retention policy for 3 years.

Estimated Date of Completion

September 2010

4.1 CLASS Data Input Inconsistencies

Recommendation

Leisure Services management should establish, document, and implement standard data input protocol for CLASS specific to sport fields. Current and new employees should be provided with standardized training on the use of CLASS.

Management Plan of Action

LS management will work to ensure that standardized data is inputted into CLASS, additionally all employees that are disciplined in CLASS or cash handling procedures are required to have a refresher course on CLASS and cash handling.

Estimated Date of Completion

September 2011

5.1Inequities in the Allocation of City Sport Fields

Recommendation

Leisure Services management should establish a more equitable method of allocating sport fields. Consideration should be given to:

- Establishing a maximum number of hours of sport field usage for each registered league team. When available, leagues could contract for additional sport field usage at an additional fixed hourly rate.
- Implementing a standardized, process to document authorized exceptions to the standard field allocation process. This standardized process should be documented in policies and procedures.
- Performing periodic analyses of the sport field allocation process to ensure an equitable allocation of sport fields. The method used to complete this analysis should be documented in policies and procedures.

Management Plan of Action

- LS management will develop a comprehensive policy to address hours on sports fields, authorized exceptions and perform analyses. Currently Pro's consulting is in the final stages of completing the Sports Field Capacity/Master Plan, once the final draft is completed, LS will develop a new field allocation policy. (Estimated Date of completion August 2011, may not be able to implement until January 2012 because of forward scheduling and pricing of our user groups and the significant time it will take to brief both council and user groups and the radical changes it will cause to the sports user groups.)

- LS Management will develop a protocol and document authorized exceptions to the field allocation process. (Completion Date January 2011)
- LS will develop a policy regarding the analyses of sports fields and their equitability. (Completion Date August 2011)

Estimated Date of Completion

January 2011

6.1 Lighting of Sport Fields

Recommendation

Leisure Services management should evaluate the allocation of sport fields to user groups to ensure that the assigned sport field time frames are consistent with the user groups actual schedules/usage.

Management Plan of Action

LS is currently evaluating the user groups, lighting and capacity and will address new ideas for the accountability of our user groups and lighting at the conclusion of the consultants work.

Estimated Date of Completion

August 2011

6.2 Lighting of Sport Fields

Recommendation

Leisure Services management should evaluate the feasibility of charging user groups for light usage. This could be accomplished by determining the actual cost of lighting fields and implementing a pilot program starting with a set percentage of cost recovery for light usage. The cost recovery percentage can be modified over time to eventually have a 100 percent cost recovery for light usage.

Management Plan of Action

Leisure Services is currently awaiting the completion of Pros Consulting Sports Fields Capacity Study. Leisure Services intends to develop new pricing in accordance with not just the utility costs of lights, but the $1,000,000 in internal service charges for our fields. Having just presented fee increases for sports fields and leagues in July of 2010, new increases will not be suggested until at least spring of 2011.

Estimated Date of Completion

July 2010.

6.3 Lighting of Sport Fields

Recommendation

Leisure Services management should work with Traffic Engineering Field Operations to determine which fields have the push button light activation feature and evaluate the feasibility of reprogramming the lights on these fields to a method that can be controlled by Municipal Sports Unit staff.

Management Plan of Action

Leisure Services has this information, the cost is between $16,000 – $18,000 in equipment and $5,000 - $7,000 if installed in house with TEFO personnel. The $25,000 is cost prohibitive to the department for the purposes of bringing one field on line.

Estimated Date of Completion

Completed

6.4 Lighting of Sport Fields

Recommendation

Leisure Services management should establish, document, and implement effective policies and procedures to mitigate the issues associated with lighting City sport fields when the user groups are not using the fields. The implemented policies and procedures should include:

- The method used to evaluate allocating sport fields to user groups to ensure that the assigned sport field time frames are consistent with the user group actual schedules/usage.
- The method used to evaluate charging user groups for light usage.

- The incorporation of language in the Facility Use Agreement of the requirement for user groups to require user groups to provide weekly light logs and to notify the Municipal Sports Unit that they will not be using the fields.
- The implementation of consequences for user groups who fail to notify the Municipal Sports Unit when they will not be using sport fields.
- The implementation of a policy relating to inclement weather conditions.

Management Plan of Action

- Leisure services will develop a comprehensive policy and user group responsibility list to address each of the recommendations above. (Estimated Completion Date The draft of the policy can be completed by August of 2011, implementation may not be until 2012 due to the radical change that will be experienced by our user groups and the need for time to fully brief and vette with the City Council.
- Pros Consulting is performing this service and analyses for the Department and is expected to present their final draft at the end of August. (LS will make pricing recommendations and present to council their findings (Completion Date May 2011)
- LS Management will incorporate language requiring weekly light logs into Facility Use agreement (Completion Date, August 2011)

Estimated Date of Completion

August 2011

7.1 City Sponsored Leagues Liability waivers

Recommendation

Leisure Services management should document and implement policies and procedures to ensure that prior to the beginning of City sponsored league play:

- All individuals that participate in the City sponsored leagues sign an Official Player Contract, Waiver, Release of Liability, and Indemnification Agreement.
- Each team submits a team roster.
- A Leisure Service employee ensures that a signed liability waiver is obtained and retained for each individual that is listed on the team roster.

Management Plan of Action

- Leisure Services will require that all participants in city leagues sign a waiver and that all coaches submit a roster. (completion Date October of 2010)

- LS Management will require that all city sponsored leagues present a roster (Completion Date January 2011)
- LS Management will require that signed waivers are presented with the rosters (Completion Date January 2011)

Estimated Date of Completion

January 2011

8.1 Liability Waiver Retention Policy

Recommendation

Leisure Services management should modify the retention period for the Official Player, Contract, Waiver, Release of Liability, and Indemnification Agreement to three years to include the entire three year period for property damages.

Management Plan of Action

Leisure Services will direct the Municipal Sports staff to retain all official player, contract, waiver, release of liability and indemnification agreements for three years.

Estimated Date of Completion

September 2010

9.1 League and Tournament User Group Liability Waivers

Recommendation

Leisure Services management should seek counsel from the City Attorney's Office on what requirements league and tournament user groups should follow to limit the City's liability when users are hurt or personal property is damaged while using City sport fields. Once determined, Leisure Services management should implement and document applicable policies and procedures and provide training to appropriate employees.

Management Plan of Action

LS will request assistance from the City Attorney's Office and implement any recommendations. (submit to City attorneys September of 2010)

Estimated Date of Completion

September 2010

10.1 Certificates of General Liability Insurance

Recommendation

Leisure Services management should ascertain how the general liability certificates should be executed, document the guidelines, provide training to the applicable employees, and provide notification to the user groups.

Management Plan of Action

LS will work with Holly Jenson to determine how certificates are to be executed, and request the appropriate training.

Estimated Date of Completion

March 2011

11.1 Security Requirements

Recommendation

Leisure Services management should consult with the City Attorney's Office to determine the circumstances in which league and tournament user groups should be required to contract and pay for private security services during their events. Once determined, Leisure Services management should implement and document applicable policies and procedures and provide training to appropriate employees.

Management Plan of Action

LS Management will submit this suggestion to the City Attorney's Office and act according to their recommendation.

Estimated Date of Completion

September 2010

12.1 Concession Permits

Recommendation

Leisure Services management should document and implement policies and procedures for the issuance of concession permits. Training should be held for the applicable employees.

Management Plan of Action

LS is awaiting the master plan for sports fields from Pro's Consulting, once it is submitted Leisure will implement a policy and procedure for the issuance of concession permits.

Estimated Date of Completion

September 2011

13.1 Non-Profit Status

Recommendation

Leisure Services management should ascertain what documentation they deem to be acceptable for determining non-profit status, document the criteria, and provide training to the applicable employees.

Management Plan of Action

LS Management is working to develop a proposal to discontinue nonprofit recognition in our department. Should this be unsuccessful, we want to have 501c-3 as the only nonprofit status recognized. This will be pursuant to Council briefing and adaptation.

Estimated Date of Completion

January 2011

14.1 Memorandum of Understanding

Recommendation

Leisure Services management should pursue implementing a signed, written Memorandum of Understanding with NISOA that documents the terms for providing referees to officiate league and tournament play for the City recreational soccer program.

Management Plan of Action

Due to FSR 2011, the City is not currently offering soccer leagues, however LS Management will make sure that any time our sports take on a relationship such as NISOA we will have an MOU.

Estimated Date of Completion

Complete

15.1 Disabling CLASS User Access

Recommendation

Leisure Services management should:

- Disable active CLASS computer system access for individuals that no longer have an operational need to use CLASS.
- Develop, document, and implement procedures to ensure that CLASS computer system access is removed when:
  - employees leave employment with the City.
  - employees assume City positions that no longer require access to CLASS.
- Implement a periodic review of the computer system access rights to verify that all access changes have been made.

Management Plan of Action

- LS Management will have all separated, transferred or otherwise affected employees that no longer need CLASS access terminated from the system.
- During Article 22 shift bidding each Fall, the CLASS System Manager will perform an audit of access rights to CLASS and make the necessary changes for rights and privileges per employee. (Completion October of 2010)
- LS Management will work with the CLASS Administrator to perform quarterly review of the CLASS privileges assigned to employees. (Completion Date October 2010**)**

Estimated Date of Completion

October 2010

City of Las Vegas

Agenda Item No.: **9.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

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

City of Las Vegas

Agenda Item No.: **10.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 14, 2010

DEPARTMENT: CITY AUDITOR
DIRECTOR: RADFORD SNELDING ☐**Consent** ☒**Discussion**

SUBJECT:
ADJOURNMENT