



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 of 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:

1. Audit of Leisure Services - Sport Fields Administration (1603-1011-03)
2. Submitted at Meeting - PowerPoint Slides 26-39

Motion made by PAUL WORKMAN to Accept the Report

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1
STEVE WOLFSON, PAUL WORKMAN, MICHAEL W. KERN, LOIS TARKANIAN;
(Against-None); (Abstain-None); (Did Not Vote-None); (Excused-WILLIAM ALLEN KAERCHER)

Minutes:

City Auditor Radford Snelding introduced Nancy Beaty, who gave the report on this audit utilizing attached detailed PowerPoint Slides 26-39.

Member Wolfson was troubled by Finding Number One and said he expects that appropriate recommendations are made and adhered to by staff in order to overcome some of the issues and abuses that were identified. He noted that he always thought user fees were collected up front and not after. Ms. Beaty stated that some of the problem stems from one person being made responsible for all the functions, incorrect input, the lack of a reconciliation system and unnumbered permits. She indicated to Member Wolfson that 19 recommendations were made, and she reviewed some of those, such as setting up written policies and procedures, providing training and a reference guide and having consistency in the different transactions.

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Member Tarkanian asked if staff will keep the Committee members apprised of whether the recommendations are followed through. City Auditor Snelding indicated that some of the recommendations will address the issues, but the main problem lies in one person having too many functions that are not being checked by an outside person.

Chair Kern emphasized that this has been a longstanding, alarming issue in Leisure Services, and this issue needs to be addressed. He would think that Leisure Services would act on the deficiencies identified in the department no matter their egregious level, as they are obvious and staff should not wait for audit to come in and make recommendations. There are also ongoing issues with the insurance system; Leisure Services has to explain why this continues to occur and be held accountable.

Member Wolfson stressed that his comments related to Finding Number One were directed at Leisure Services staff and not Ms. Beaty. But he directed City Auditor Snelding to follow up with a report on the recommendations. Member Workman was certain that City Auditor Snelding would report on the critical issues at the next Audit Committee Meeting.

Member Tarkanian stated that she feels confident that Tom Zimmerman, Deputy Director of Leisure Services, is addressing the issues, such as he did the trails' lighting issue. Mr. Zimmerman indicated that he had just received a security comprehensive report on the sport fields and added that much of the issue was a substantial reduction in staff, as well as some fraudulent activity by employees. But he also emphasized that he has some great, responsible staff members.

City Auditor Snelding offered to include an item on the 2/2011 agenda to give a complete status report on this matter.

Chair Kern said that one of his main concerns is that he was led to believe that the report on this matter was complete. City Auditor Snelding answered that each recommendation is reviewed and retested by the auditors when notified about completion. Although some of the recommendations may be completed at one point, staff might slack off on those. But it is important that all the recommendations are enacted and remain in place. Member Tarkanian rejoined that maybe staff resumed to former practices.

Chair Kern said it was difficult for him to be informed that a recommendation or action is completed and then learn that there is an ongoing issue. He wondered if the recommendation to fix the issue was really completed or there is an ongoing issue. And although Leisure Services has lost many staff members, the issue was ongoing before staff reductions were made and there should have been a procedure in place that all staff followed.

Chair Kern asked how many of the concessionaires were non-profit. Ms. Beaty replied that she only tested six, and stated that there were also problems with the non-profits, and they too were required to have concession permits, which she also tested. She added that all concessioners have to pull a health permit and have a key deposit on file, yet she found that the files were very incomplete. Staff felt there was no system in place to ensure complete files.

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Chair Kern appreciated staff's efforts and that some recommendations have been completed, but said that the report was disconcerting. City Manager Elizabeth Fretwell assured the Chair that he will see a drastically different report at the next meeting, because her goal is to ensure sound business practices. And the City has made big progress in rectifying employee fraud. There is just no good excuse for poor business practices, but she has been trying to address the more serious problems first.

Chair Kern believed that the implementations made over the year are for the better. He commended the City for its efforts in attempting to rectify the problems and for taking them very seriously. He sympathized with Mr. Zimmerman because he walked into a bad situation when he became Deputy Director.

Member Workman agreed that there are problems that should be remedied. But in the case of the sport fields lights being on when the fields were not being used, he considers that the lighting helped prevent crime, and the bulbs may be of a certain type that takes time to warm up in order to provide full lighting. So it makes more sense to leave them on until there is certainty that they are no longer needed.

Chair Kern questioned the City's liability and wondered if it is capped, to which Chief Deputy City Attorney Val Stead replied that the cap is \$75,000. However, people tend to get creative with aggregating and trying to file for multiple rights violations.

Chair Kern verified with Mr. Zimmerman that sport teams from other cities and states are required to provide additional insurance.

Member Wolfson emphasized that there are some easy recommendations to fix the issues and use of a checklist should be implemented, which is a basic solution to avoid problems.

As far as liability, Ms. Beaty indicated that liability was one of the first areas she reviewed and when she found that there was no procedure in place for this, she addressed it immediately and a process was implemented. But she has yet to verify that it is being used. Member Wolfson stressed that there has to be some responsibility in following up to ensure that procedures are being followed.

