City of Las Vegas

Agenda Item No.: **5.**

AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: FEBRUARY 10, 2011

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

SUBJECT:
Report and possible action on update 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:
The Committee asked the City Auditor to report on the status of the recommendations related to the Audit of Leisure Services – Sport Fields Administration (1603-1011-03).

RECOMMENDATION:
Accept the report.

BACKUP DOCUMENTATION:
1. Interim Follow-Up
2. Submitted at Meeting PowerPoint Slides 3-23

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, LOIS TARKANIAN, ALLEN KAERCHER;
(Against-None); (Abstain-None); (Did Not Vote-None); (Excused-MICHAEL W. KERN)

NOTE: Subsequent to this meeting, under Item 3 at the 5/12/2011 Audit Oversight Committee Meeting, Member Kaercher clarified that Joel Jarvis, Kaercher Campbell and Associates, is the contact person for information relating to the program called TULIP (tenant/user liability program).

Minutes:
City Auditor Radford Snelding indicated that Nancy Beaty, Senior Internal Auditor, was reassigned from another audit to provide this interim report at the request of the Committee. Auditor Beaty reviewed PowerPoint Slides 3-23 that were submitted for the record and thanked Department staff for their cooperation.

Vice Chair Wolfson confirmed with City Auditor Snelding that his office conducts routine audits on various departments within the City and this was Leisure Services' routine audit that commenced in October 2009. Auditor Beaty further indicated for Vice Chair Wolfson that the various categories were audited and the areas to be addressed were identified, as outlined in Slides 10-23.

City Auditor Snelding added that some recommendations have been implemented and others are in progress. Member Tarkanian verified with Auditor Beaty that this audit covered the period July 2008 to December 2009, before the cutbacks.

Vice Chair Wolfson indicated an appreciation for the findings involving Segregation of Duties Deficiencies but questioned the actions and recommendations to rectify the issues. Auditor Beaty noted the Department Management's Plan of Action implementation date of September 30, 2011 would mean that the recommended policies and processes will be in place and staff will be following them by that date.

Vice Chair Wolfson asked if there were any concerns that require implementation of procedures immediately, such as with money theft. Auditor Beaty answered that part of the recommendations would involve Finance accepting payment for field reservations or any fees related to the sports unit. Field permits will be computer generated and traceable. Vice Chair Wolfson was satisfied that areas needing immediate attention were being addressed as soon as possible. Auditor Beaty noted that the audit was very involved and required extensive policies and procedures to be drafted.

Referring to Sections 1.1, 2.1 and 3.1 through 3.3, City Auditor Snelding stated that these recommendations help prevent fraud by creating procedures for better segregation of duties and ensuring all fees are collected. Deputy City Manager Orlando Sanchez concurred with City Auditor Snelding's comments and recognized Auditor Beaty and staff from Neighborhood Services for their response since the October 14, 2010 Audit meeting to ensure implementation of the recommendations.

Member Tarkanian stated that all the recommendations could not be implemented at once and it will take time to reach a certain level of security. Deputy City Manager Sanchez added that some delays are due to software acquisitions.

Scott Adams, Community Service Chief, stated that as part of Mr. Harsin's priorities for his department, Mr. Harsin has taken the issues identified very seriously. A special compliance unit has been assigned to deal with the issues raised in this audit. As a result, one of the 15 findings identified is complete, 11 are expected to be fully completed by the end of February 2011 and the remaining three findings will require Council involvement to change business practices within the units of the department.

Vice Chair Wolfson appreciated the comments made and the level of comfort it gives him that staff recognized the priority and responded quickly. City Auditor Snelding added that the follow

-up will involve a mini audit in order to verify recommendations have been implemented. In that regard, he is looking to the end of February 2011. City Auditor Snelding assured Member Tarkanian that the auditors verified the department agreed with a perception of issues and ensured management understood the recommendations. Both the auditors and management reviewed the dates and believe the timelines are reasonable.

Member Tarkanian noted complaints about waste she received when field lights are on with no one present, especially at a time when jobs are being cut, and wondered if proper mechanisms are in place to turn the lights on/off. Auditor Beaty responded that fields with push buttons are difficult to control. She recommended identifying such fields and determining if it would be cost effective to install another system for light control by telephone or computer. Leagues are required to inform staff when they will not be using the fields and should be submitting a weekly log to coincide with the schedule.

Member Tarkanian stated that leagues do not appear to be accountable. Auditor Beaty outlined the new three-strike policy impacting whether a league is assigned fields for future use. Deputy City Manager Sanchez added that the City is making leagues more accountable by charging higher fees and being more accurate on time as well. A business impact statement is being prepared. Lonny Zimmerman, Deputy Director, Leisure Services, thanked Trina Robinson, Administrative Officer, Neighborhood Services, and Brenda Diaz, Leisure Services, for implementing strong policies in this area. The policy changes and both hourly and lighting fee increases will ensure greater accountability and less carelessness. Member Tarkanian said users have to understand that additional City costs burden taxpayers.

Regarding Section 9.1, League and Tournament User Group Liability Waivers, City Auditor Snelding noted an opinion issued by the City Attorney's Office requiring a signature from a league representative. The department's solution actually went in another direction, which is acceptable as long as it corrects the problem, but if not, Audit staff will consider the audit incomplete. In that case, only this Committee can change the recommendation's status to complete.

Vice Chair Wolfson supported disagreements between departments and auditors on recommendations coming before this Committee. City Auditor Snelding committed to not removing a finding until it is completed or no longer valid, unless otherwise directed by the Audit Oversight Committee.

Ms. Robinson summarized discussions with Vicki Robinson, Human Resources Manager, regarding the City's insurance carrier, who indicated a signed waiver by the individual players would not necessarily indemnify the City. The recommendation was that the department follows general liability policy in addition to the endorsement page as insurance for all the users in the league. The department deferred to Human Resources and the insurance carrier, finding that individual waivers were too cumbersome. The auditors disagreed.

Vice Chair Wolfson thought that the City Attorney should make the legal decision. Ms. Robinson confirmed that the City Attorney's Office recommended obtaining individual signed waivers. City Manager Elizabeth Fretwell outlined the effect of individual waivers and stated that the final business practice may have to be determined by the City Council. Vice Chair Wolfson pointed out that out-of-state participants for tournaments are arranged well in advance and the coach/representative should be responsible for compliance. Mr. Zimmerman indicated that staffs difficulty is with verification of forms and valid signatures, especially with minors. Given that some tournaments may have up to 5,000 participants, City Manager Fretwell stressed that the City needs to be more careful in crafting a standard that does not strengthen its position, which is the view of the City's insurance provider.

Member Kaercher interjected that waivers must be in the language of the players signing. Perhaps coverage could be transferred in a TULIP (tenant/user liability insurance program), which is used by the Las Vegas Convention and Visitors Authority for special events and adds $1 million of protection. There are ways to protect the City other than waivers. Member Kaercher explained for Vice Chair Wolfson that TULIP is a fail-safe program with affordable premiums per event. Ms. Robinson indicated she would research the possibility. Mr. Zimmerman agreed that Leisure Services requires outside operators to carry additional insurance and to name the City as an insured, but that is not enforced per occurrence. Member Kaercher stressed that insurance per occurrence is very important. City Manager Fretwell recommended researching the TULIP option to try to alleviate any of these concerns and discuss it at a future meeting. Member Kaercher offered to work with the City Attorney.

Member Workman observed that so many items were brought up and wondered if the procedures were being done but had been ceased for awhile before the audit, because that would mean that the processes are being reconfigured to work, unlike the past processes. Mr. Zimmerman responded that staff historically performed well. However, due to deficiencies, different staff members were assigned for two years but paid little attention to detail. The department was incredibly weak in its operations, without any checks being done. The department management has learned from those mistakes and is holding staff accountable.

Ms. Robinson added that since November 2010, Ms. Diaz and she have been reviewing and speaking with staff and reviewing each section of the audit. They found that, historically, there were no policies in place so staff learned by trial and error. Consequently, the current policies were tested and procedures were written for those. Like-size cities were looked to for best practices to acquire.

Member Workman asked Vice Chair Wolfson if the report should be accepted in light of City Manager Fretwell's comments and since the report is being monitored. Vice Chair Wolfson replied that since the report was received, it should be accepted and approved, with the expectation that the Committee will be given an itemized update at the next meeting, even if it is incomplete. Deputy City Manager Sanchez and City Auditor Snelding agreed.

Member Tarkanian asked if the improper use of fields was addressed in this audit, because she has received many complaints about people tearing up the lawns, sometimes due to cleats that are deeper and tear up the lawn. City Auditor Snelding replied that the way the field permits were tracked and the way people registered, it was difficult to trace. The recommended procedures will provide more controls and reduce the likelihood of these types of incidents, as permits will be traceable. Auditor Beaty remarked that the department is considering an online process to monitor who should actually be on any particular field. Ms. Robinson added that Ms. Diaz and she are looking at automating the systems as much as possible, as part of their internal audit. The intent is to export the data from the currently used Class system, thus automatically providing an interactive map identifying the team and field information, including all the required licenses, permits and agreements. Consideration is also being given to providing information on the website regarding maintenance of the fields to the marshals so that they will know when no one should be using the fields. This will also prohibit staff from scheduling the field for any user group. This is part of the long-term plan, and it will help reconcile the balance sheets. Member Tarkanian asked if the schools maintain the lawns as part of the shared agreements. Mr. Zimmerman replied that the City maintains some of the School District's fields, but the District does not maintain any of the City's fields.

Deputy City Manager Sanchez interjected that the City used to maintain nine parks as part of the Open Schools/Open Doors Agreement; however, the City could no longer afford to maintain the fields to the same level and recommended mowing the lawns limited times per year instead of weekly. The School District decided to maintain the joint-site fields and is currently doing so. Mr. Zimmerman remarked that the District found maintenance money for one year and will revisit this issue at the end of that period. Member Tarkanian noted that some principals receive money for the use of the fields, and it would only be fair for the City to receive a portion of that money in order to maintain the fields.

Vice Chair Wolfson advised Mr. Harsin that he read the report and was very pleased with it. He also commended his staff for doing a fine job in coming up with solutions to resolve the issues raised in this audit. Mr. Harsin also gave credit to his staff, especially Ms. Robinson and Mr. Zimmerman. He indicated that the reorganization gave him the opportunity to focus on coming up with solutions that he believes will greatly benefit the department and the City.

City Auditor Snelding commented that his staff will continue to support the department and is committed to resolving the issues. Vice Chair Wolfson stated that some of the best City employees are working on this audit.

Member Workman also commended everyone involved in this audit for doing a fine job.