

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

AGENDA

May 12, 2011
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 February 10, 2011
4. Discussion and possible action on the appointment of the Chairperson and Vice Chairperson for calendar year 2011
5. General Report by the City Auditor
6. Report and possible action on update of Audit of Leisure Services - Sport Fields Administration (1603-1011-03)
7. Discussion and possible action on Audit of the Metropolitan Medical Response System Grant Program (2010-1011-06)
8. 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
9. 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

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

CALL TO ORDER



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of February 10, 2011



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Discussion and possible action on the appointment of the Chairperson and Vice Chairperson for calendar year 2011

Fiscal Impact

☒

No Impact

☐

Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

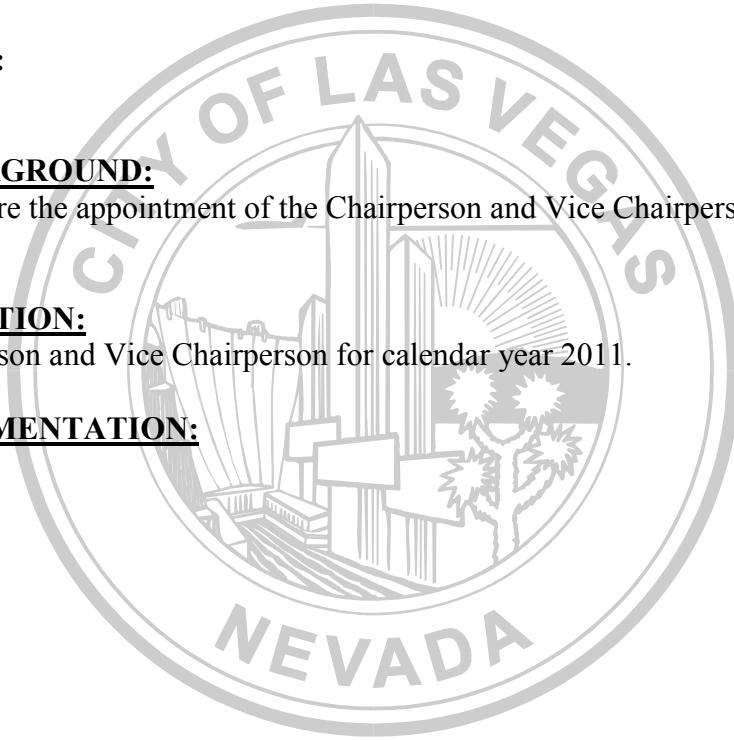
The By Laws require the appointment of the Chairperson and Vice Chairperson for the calendar year 2011.

RECOMMENDATION:

Appoint a Chairperson and Vice Chairperson for calendar year 2011.

BACKUP DOCUMENTATION:

None



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

General Report by the City Auditor

Fiscal Impact

☒

No Impact

☐

Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

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

RECOMMENDATION:

Report only; no action required.

BACKUP DOCUMENTATION:

None

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 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:

Interim Follow-Up



CITY AUDITOR'S OFFICE



**INTERIM
FOLLOW-UP**

May 12, 2011

For the Audit Committee

**AUDIT OF LEISURE SERVICES -
SPORT FIELDS ADMINISTRATION**

Report No. CAO 1603-1011-03

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

1. Limited Assurance Fees were Always Collected.....	1
2. Segregation of Duties Deficiencies.....	3
3. Proper Authorization of Transactions.....	4
4. CLASS Data Input Inconsistencies	6
5. Inequities in the Allocation of City Sport Fields.....	7
6. Lighting of Sport Fields.....	10
7. City Sponsored Leagues Liability Waivers	14
8. Liability Waiver Retention Policy	17
9. League and Tournament User Group Liability Waivers	18
10. Certificates of General Liability Insurance	19
11. Security Requirements	20
12. Concession Permits.....	21
13. Non-Profit Status	22
14. Memorandum of Understanding.....	23
15. Disabling CLASS User Access.....	25

1. Limited Assurance Fees were Always Collected

Background

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.

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 31, 2011

STATUS

INCOMPLETE

2. Segregation of Duties Deficiencies

Background

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.

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 30, 2011

STATUS

NOT DUE

3. Proper Authorization of Transactions

Background

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.

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 30, 2010

STATUS

INCOMPLETE

- 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.

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 30, 2010

STATUS

INCOMPLETE

- 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.

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 30, 2010

STATUS

INCOMPLETE

4. CLASS Data Input Inconsistencies

Background

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.

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

- 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.

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 30, 2011

STATUS

NOT DUE

5. Inequities in the Allocation of City Sport Fields

Background

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.

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

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.

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 31, 2012

STATUS

NOT DUE

6. Lighting of Sport Fields

Background

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 %

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

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.

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 31, 2011

STATUS

NOT DUE

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.

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 31, 2010.

STATUS

INCOMPLETE

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.

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

September 22, 2010

STATUS

INCOMPLETE

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.

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 vet 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 31, 2011

STATUS

NOT DUE

7. City Sponsored Leagues Liability Waivers

Background

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 turn 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.

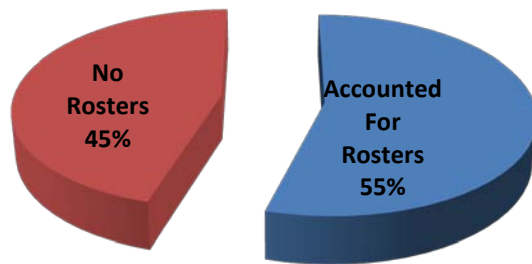
The waiver/contract card referred to above and used by MSU is called the Official Player, Contract, Waiver, Release of Liability, and Indemnification Agreement.

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

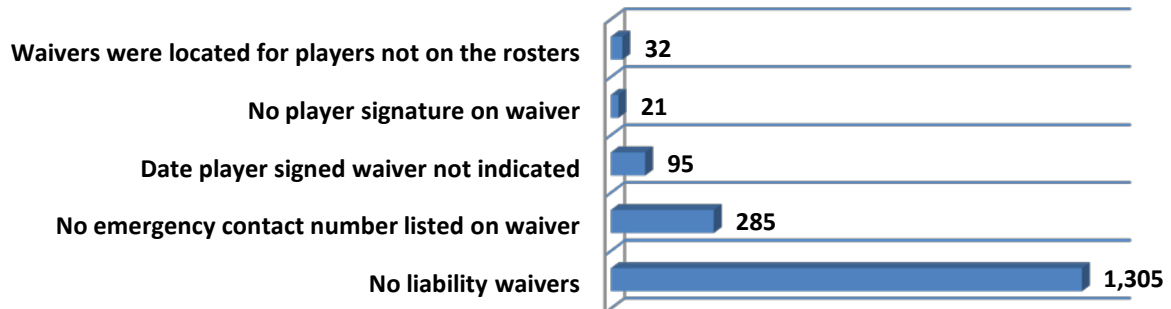
Softball Team Rosters



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.

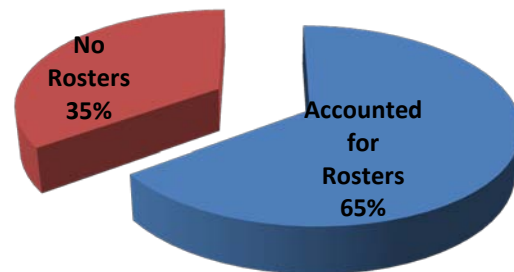
Softball Liability Waiver Deficiencies



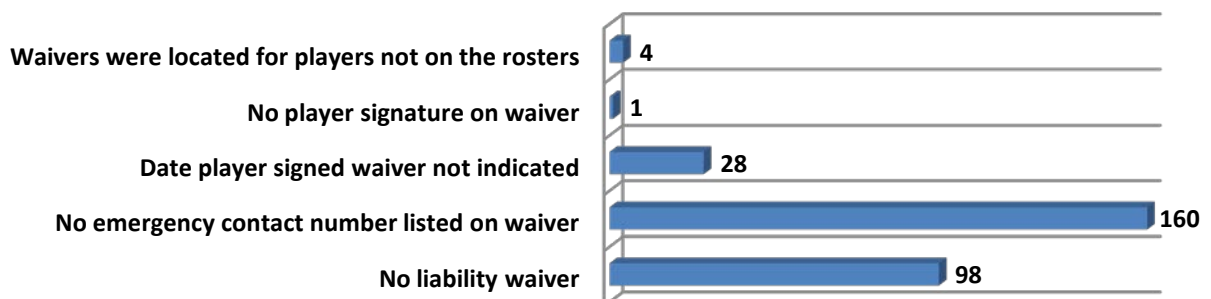
Adult Soccer Leagues

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

Soccer Team Rosters



Soccer Liability Waiver Deficiencies



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.

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 31, 2011

STATUS

INCOMPLETE

8. Liability Waiver Retention Policy

Background

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, may 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 as 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.

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 30, 2010

STATUS

INCOMPLETE

9. League and Tournament User Group Liability Waivers

Background

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.

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 30, 2010

STATUS

INCOMPLETE

10. Certificates of General Liability Insurance

Background

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.

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 31, 2011

STATUS

INCOMPLETE

11. Security Requirements

Background

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.

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 30, 2010

STATUS

INCOMPLETE

12. Concession Permits

Background

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 retained 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.

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

- 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.

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 30, 2011

STATUS

NOT DUE

13. Non-Profit Status

Background

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

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

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.

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 31, 2011

STATUS

INCOMPLETE

14. Memorandum of Understanding

Background

Criteria

Audit of Leisure Services -
Sport Fields Administration
CAO-1603-1011-03
September 22, 2010

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 from 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.

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

September 22, 2011

STATUS

COMPLETE

15. Disabling CLASS User Access

Background

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:
 - o employees leave employment with the City.
 - o 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 31, 2010

STATUS

COMPLETE

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Discussion and possible action on Audit of The Metropolitan Medical Response System Grant Program (2010-1011-06)

Fiscal Impact

☒

No Impact

☐

Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

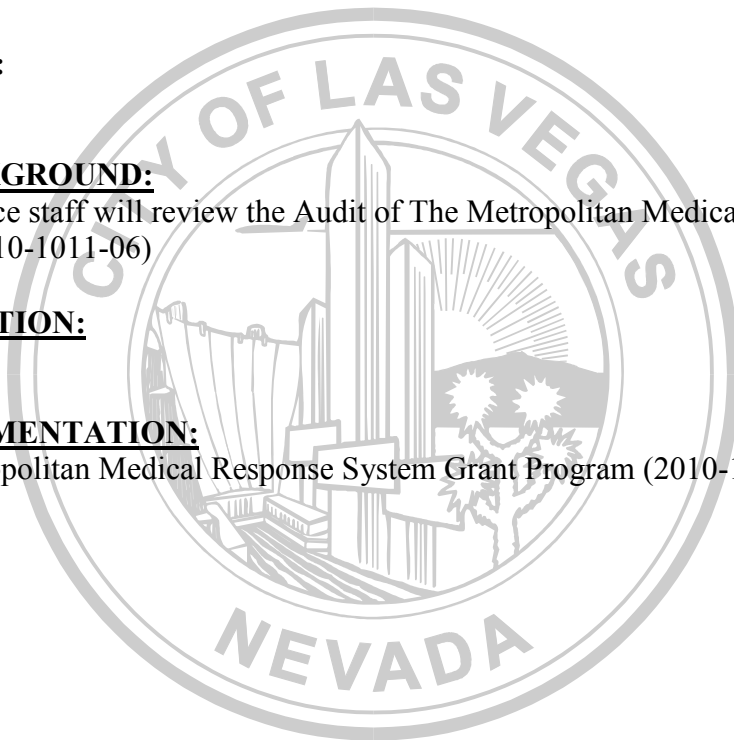
City Auditor's Office staff will review the Audit of The Metropolitan Medical Response System Grant Program (2010-1011-06)

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Audit of The Metropolitan Medical Response System Grant Program (2010-1011-06)



CITY AUDITOR'S OFFICE



AUDIT OF THE METROPOLITAN MEDICAL RESPONSE SYSTEM GRANT PROGRAM

Report No. CAO 2010-1011-06

January 26, 2011

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVE	1
SCOPE AND METHODOLOGY	1
CONCLUSIONS, FINDINGS AND RECOMMENDATIONS.....	2
1. Pharmaceutical and Equipment Management	3
2. Reconciliation of Pharmaceutical and Equipment Purchases	5
3. Exercise Management	7
4. Award Adjustments.....	9
5. Costs Requiring Prior Approval	11
6. Employee Certification.....	12
7. Quarterly Progress Reports.....	14
8. Record Retention Requirements	15
MANAGEMENT RESPONSE	18

**AUDIT OF THE METROPOLITAN MEDICAL RESPONSE
SYSTEM GRANT PROGRAM
CAO 2010 - 1011- 06**

BACKGROUND

The Metropolitan Medical Response System (MMRS) grant program is operated by the Department of Fire and Rescue and is part of the United States Department of Homeland Security Grant Program. The MMRS grant program provides a link between the local and Federal response to provide a coordinated public health and medical response to mass casualty events. The MMRS partners include local government Emergency Management Offices, Fire Departments, Law Enforcement Agencies, the Coroner, Public Health, and medical facilities.

The City of Las Vegas (City) is one of 124 jurisdictions awarded this grant funding on a formula basis. To date, the City has been awarded the following MMRS grant funding:

Award Year	Las Vegas Allocation
2004	\$400,000
2005	\$227,592
2006	\$232,330
2007	\$258,145
2008	\$321,221
2009	\$311,585*

* The fiscal year 2009 grant award amount is net of the amount retained by the State of Nevada.

The MMRS grant program is a pass-through grant with the Nevada Department of Public Safety Division of Emergency Management (DEM). The DEM provides oversight and reimburses the City for expenditures associated with the grant.

OBJECTIVE

The audit objective was to ensure that the MMRS grant awards were administered in accordance with Federal and State guidelines.

SCOPE AND METHODOLOGY

The scope of this audit was limited to the fiscal year 2005 through 2009 grant awards. The last day of audit fieldwork was November 9, 2010. The scope of our work on internal controls 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 whether the MMRS grant awards were administered in accordance with Federal and State guidelines:

- Compliance with Federal guidelines for pharmaceutical and equipment purchases should be improved. (Finding #1)
- An inventory management control system for pharmaceuticals and equipment purchased with Federal grant funding should be implemented. (Finding #2)
- Compliance with Federal and State guidelines for exercises conducted by the MMRS grant program should be improved. (Finding #3)
- Documentation was not always retained to substantiate whether written requests or notifications were completed and whether written approvals were obtained for adjustments to MMRS grant awards. (Finding #4)
- Preapproval was not obtained for the cost to prepare proposals for subsequent MMRS grant award proposals. (Finding #5)
- Semi-annual certifications confirming that the MMRS coordinator worked solely on the MMRS grant program were not completed. (Finding #6)
- Quarterly progress reports were not always submitted within 30 to 45 days following the close of the quarter as required by State requirements. (Finding #7)
- Documentation was not always retained as required by Federal guidelines. (Finding #8)

The applicable Federal and State guidelines are included in the Criteria section of each Finding listed below:

1. Pharmaceutical and Equipment Management

Criteria

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments Subpart C – Post-Award Requirements – Changes, Property, and Subawards - 13.32 Equipment

(a) Title. Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

(d) Management requirements. Procedures for managing equipment (including replacement equipment, whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(e) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

(1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

(2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from the sale by the awarding agency's share of the equipment.

(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

Fiscal Year 2009 Homeland Security Grant Program

Guidance and Application Kit - Administrative Requirements - 5.10 Equipment Marking

Applicants are advised that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: "Purchased with funds provided by the U.S. Department of Homeland Security."

Fiscal Year 2009 Homeland Security Grant Program

Guidance and Application Kit - Additional Equipment Information

Prior to procuring pharmaceuticals and equipment with MMRS grant funds, grantees must have in place an inventory management plan.

Condition

Discussions with the MMRS coordinator during audit fieldwork and a review of applicable documentation showed that pharmaceuticals and equipment were purchased with MMRS grant funding. Noncompliance with the following Federal guidelines was noted:

- The MMRS grant program purchases and distributes pharmaceuticals and equipment to local MMRS partners. Policy and procedures have not been established to determine who retains title to property purchased with MMRS grant funds.
- Property records have not been maintained that include all the categories listed in 44 Part 13.32 (d)(1). Missing categories include: who holds title; the percentage of Federal participation; the use and condition of the property; and ultimate disposition data.
- A physical inventory of property has not been completed in accordance with 44 CFR Part 13.32 (d)(2).
- A control system has not been developed in accordance with 44 CFR Part 13.32 (d)(3).
- Policies and procedures have not been established for the disposal of property purchased with MMRS grant funding in accordance with 44 CFR Part 13.32 (e).
- Policies and procedures have not been established for marking equipment as recommended by the Fiscal Year 2009 Guidance and Application Kit, Administrative Requirement 5.10.
- An inventory management plan has not been implemented in accordance with the Fiscal Year 2009 Guidance and Application Kit, Additional Equipment Information.

Cause

Lack of understanding of Federal grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Pharmaceuticals and equipment purchased with grant and contract funds could not always be accounted for as indicated in Finding #2.

Recommendation

1.1 The MMRS coordinator should establish, document, and implement an inventory management plan. This plan should include:

- Compliance with 44 CFR Part 13.32 Equipment standards.
- Written policies and procedures to mark equipment purchased with Federal grant funds.
- Written policies and procedures to minimize large periodic variations in supplies due to coinciding purchases and expiration dates.

2. Reconciliation of Pharmaceutical and Equipment Purchases

Criteria

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments Subpart C – Post-Award Requirements – Changes, Property, and Subawards - 13.32 Equipment

(d) Management requirements. Procedures for managing equipment (including replacement equipment, whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

Fundamental elements of management control ensure that:

- Receipted purchases are reconciled to invoices to confirm that the City received what was paid for.
- Grant reimbursements represent actual purchases.
- Inventory records represent actual purchases.

Condition

Audit fieldwork procedures included reconciling pharmaceutical and equipment purchases to physical quantities and/or available documentation. Discrepancies were found with the following items:

- ***Tamiflu:***
 - A review of grant invoices identified that 1,039 treatments of Tamiflu were purchased through the grant program. An additional 3,465 treatments were purchased outside the grant through a contract with the US Department of Health and Human Services. Therefore, a total of 4,504 treatments of Tamiflu were purchased. The MMRS coordinator indicated that no treatments had been used.
 - While the total purchases of Tamiflu treatments totaled 4,505, the MMRS coordinator's inventory records only showed that 3,465 treatments of Tamiflu should be in inventory. Physical counts of the Tamiflu treatments on November 3, 2010 revealed only 3,408 treatments were on-hand.
 - Upon further investigation into the differences, it was found that 1,039 treatments were distributed to North Las Vegas without being recorded in the MMRS coordinator's records. Therefore, we were unable to account for 57 treatments of Tamiflu purchased through the contract.
- ***Ventilators:***
 - A review of invoices showed 165 ventilators were purchased through the grant program. However, supporting documentation shows 171 ventilators were distributed to MMRS partners.
 - The documentation indicated that 14 of the ventilators were distributed to Henderson Fire. The MMRS coordinator indicated that Henderson Fire had purchased their ventilators and requested that the grant reimburse them for the purchase. Subsequent follow-up showed that the grant did not reimburse Henderson for their ventilators.
 - Therefore, we were unable to account for eight ventilators purchased with MMRS grant funds.
- ***Ciprofloxacin:***
 - A review of invoices showed that two shipments each with 864 treatments of Ciprofloxacin were purchased through the grant program. However, supporting documentation shows only one shipment of 864 treatments was received.

Cause

An adequate inventory management control system has not been implemented.

Effect

- Non-compliance with Federal guidelines.
- Unable to account for items purchased with Federal funding.

Recommendation

2.1 The MMRS coordinator should establish, document, and implement an inventory management control system that includes the following procedures:

- Confirm the receipt of pharmaceuticals and equipment purchases to invoices and purchases orders.
- Add the purchases to physical inventory records that include the categories listed in 44 CFR Part 13.32 (d)(1).
- Review the quarterly financial reports to ensure that the grant reimbursements agree with the actual purchases. Follow-up on any discrepancies accordingly.
- Update the physical inventory records for any status changes.

3. Exercise Management

Criteria

Homeland Security Grant Program Guidance and Application Kit

E.5 – Exercises: Exercise Evaluations

All exercises will be performance-based and evaluated. An After Action Report/Improvement Plan (AAR/IP) will be prepared and submitted to G&T following every exercise, regardless of type or scope. Some exercises, such as seminars and workshops may not require the same level of analysis as a tabletop, drill, functional or full-scale exercise, but they should still produce an AAR/IP. AAR/IP's must be provided to G&T within 60 days following completion of each exercise.

Nevada Department of Public Safety Division of Emergency Management (DEM) Grant Financial and Program Assurances

3. d. Electronic submission of the AAR/IP to the DEM within 60 days of the conduct of the exercise utilizing the DHS-approved format and process.

1. One hard copy of the AAR/IP shall be submitted to the DEM Exercise Training Officer and one electronic copy of the AAR/IP shall be submitted via the DHS Secure Portal in the Nevada Folder with an email notifying the State of Nevada Exercise Training Officer of the submission.

Condition

A review of the quarterly financial and progress reports showed that the City was reimbursed for expenditures relating to two table top exercises: Operation Double Down and Operation Hitchcock. Although the MMRS coordinator completed AAR/IPs for these exercises, he represented that the AAR/IPs were not formally submitted to the DEM in accordance with Federal and State requirements.

Audit fieldwork procedures included forwarding copies of the AAR/IPs to the DEM. The DEM concluded that additional work would have been required for the DEM and the Department of Homeland Security to accept these reports.

Cause

Lack of understanding of Federal and State grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

3.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that:

- All exercises are pre-approved by Nevada Department of Public Safety Division of Emergency Management Exercise Officer (EO).
- All exercises are coordinated with the EO to ensure that the exercises are conducted in accordance with appropriate guidelines.
- After Action Report/Improvement Plans (AAR/IP) are submitted within 60 days to the EO with a copy provided to the Grants & Project Analyst.

4. Award Adjustments

Criteria

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Part 13.30 Changes

(a) **General.** Grantees and subgrantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the **prior written approval** of the awarding agency.

(c) **Budget changes.**

(1) Non construction projects. Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non construction award:

(ii) Unless waived by the awarding agency, cumulative transfers among direct cost categories, or if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000.

(d) **Programmatic changes.** Grantees or subgrantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:

(1) Any revision of the scope or objectives of the project. (regardless of whether there is an associated budget revision requiring prior approval)

(2) Need to extend the period of availability of funds.

(3) Changes to key persons in cases where specified in an application or grant award.

Financial Management Guide U.S. Department of Homeland Security

Chapter 8 Adjustments to Awards - Modifications and Revisions (including Grant Adjustment Notices)

All requests for programmatic and/or administrative changes must be submitted in a timely manner by the recipient/subrecipient. All requests for changes to the approved award shall be carefully reviewed by the applicable authority for both consistency with this Guide and their contribution to the project goals and objectives.

Notifications of Changes

All recipients must give notification in writing to G&T of events or proposed changes that may require an adjustment/notification.

Types of Adjustments:

- Change of Address
- Changes in Award Period
- Changes in Scope

- *Changes in project site*
- *Changes in approved budget categories in excess of 10 percent of the total award amount*
- *Change in or temporary absence of the project manager/director*

Condition

Documentation was not always retained to substantiate whether written requests or notifications were completed and written approval obtained for the following adjustments to MMRS grant awards:

- Changes in the approved budget categories in excess of 10 percent of the total award amount.
- Change in the project manager.

Cause

Lack of understanding of Federal grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

4.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of all grant award adjustments.
- When received, written approvals for grant award adjustments are retained.

5. Costs Requiring Prior Approval

Criteria

2 CFR Part 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87) Appendix B to Part 225 – Selected Items of Cost 33. Proposal costs.

Costs of preparing proposals for potential Federal Awards are allowable. Proposal costs should normally be treated as indirect costs and should be allocated to all activities of the governmental unit utilizing the cost allocations plan and indirect cost rate proposal. However, proposal costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency.

Financial Management Guide

U.S Department of Homeland Security Preparedness Directorate - January 2006

Prior approval means documentation evidencing consent prior to incurring specific cost.

Written approval is required for those costs specified in OMB Circulars A-21, A-87, and A-122 as “Costs Allowable with Approval of Awarding Agency” for costs that contain special limitations.

Where prior approval is required, G&T will be the approval authority for all discretionary recipients and for the State when it is the direct recipient. Where prior approval authority for subrecipients is required, it will be vested in the State unless specified as being “RETAINED BY THE FEDERAL AWARDING AGENCY,” as identified below. **Subrecipient requests for G&T approval should be submitted through the State for a formula award.**

The intention of G&T is not to require approval of all changes within the listed cost categories, but only for those aspects or elements that specifically require prior approval.

Types of Costs Requiring Prior Approval

Proposal Costs – Unless specifically outlined in program guidance as allowable without prior approval, **costs to projects for preparing proposals for potential Federal awards require PRIOR APPROVAL** for: (1) the obligation or expenditure of funds; or (2) the performance or modification of an activity under an award/sub award project, where such approval is required.

Requests must be in writing and justified with an explanation to permit review of the allowability. They may be submitted:

1. Through inclusion in the budget or other components of an award or subaward application; or
2. As a separate written request to the appropriate authority as described above.

Condition

The MMRS grant award reimburses the City for the salary and fringe benefit costs associated with the MMRS coordinator position. The MMRS coordinator job responsibilities include preparing proposals for subsequent MMRS grant awards and making modifications to existing awards. Federal guidelines indicate that these costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency. Prior approval was not obtained.

Cause

Lack of understanding Federal grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

5.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that prior approval is obtained before the MMRS coordinator prepares subsequent MMRS grant proposals and modifies existing awards. For future grant proposals, consideration should be given to adding these job responsibilities to MMRS coordinator job description in the Investment Justification.

6. Employee Certification

Criteria

2 CFR Part 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87) Appendix B to Part 225 – Selected Items of Cost

8. Compensation for personal services. h. Support of salaries and wages.

These standards regarding time distribution are in addition to the standards for payroll documentation.

*(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages **will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification.** These certifications will be prepared at least **semi-annually** and will be signed by the employee or supervisory official having firsthand knowledge for the work performed by the employee.*

Condition

The MMRS coordinator indicated that his job responsibilities consist of working on the MMRS grant program. In addition, the job description for the MMRS coordinator as indicated in the Investment Justification states that “Funding identified for this category will ensure there is a **dedicated** MMRS coordinator position and that all programmatic goals and objectives are accomplished.” The semi-annual certifications confirming that the MMRS coordinator worked solely on the MMRS grant program were not completed or forwarded to the DEM.

Cause

Lack of understanding of Federal grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

6.1 Fire and Rescue management should establish, document, and implement written policies and procedures to ensure compliance with 2 CFR Part 225. Periodic certifications should be submitted to the Nevada Department of Public Safety Division of Emergency Management that state the MMRS coordinator worked solely on the MMRS

grant. The certifications should be signed by an official who has firsthand knowledge of the work performed by the MMRS coordinator.

7. Quarterly Progress Reports

Criteria

Nevada Department of Public Safety Division of Emergency Management (DEM) Grant Financial and Program Assurances - V. Program Responsibility

1. ***Quarterly program reports with supporting documentation shall be submitted to the DEM within 30 days, but no later than 45 days following the close of each quarter of the grant period. The final Program Report must be submitted to the DEM no later than 60 days following the end of the grant period. Late reports, unless approved by the DEM, could delay reimbursement. Late reports, unless approved by the DEM, could result in non-payment of the claim.***

As applicable for grant programs, reports consist of, but are not limited to:

- a. Division of Emergency Management Quarterly Financial Reports*
- b. Quarterly Progress Summary*

Condition

Fieldwork procedures included confirming that the quarterly progress reports were submitted to the DEM within 30 to 45 days following the close of each quarter of the grant periods. The MMRS coordinator did not maintain copies of the reports that were submitted to the DEM; therefore, we obtained copies directly from the DEM. Our procedures included determining whether the DEM receipt dates were within 45 days following the close of the applicable quarters. No exceptions were noted with the submittal of progress reports for the 2009 and 2008 grant awards. However, our procedures determined the following progress reports were submitted late:

Award Year	Number of Progress Reports	Number Submitted Late
2007	11	5
2006	10	6
2005	9	5

Cause

Lack of understanding of State grant compliance requirements.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

7.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure:

- Timely submittal of quarterly reports.
- Documentation is maintained to confirm the timely submittal of the required reports.
- Continuity of the timely submittal of the quarterly progress reports when a change in the MMRS coordinator position occurs.

8. Record Retention Requirements

Criteria

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments Subpart C – Post-Award Requirements – Reports, Records Retention, and Enforcement

13.42 Retention and access requirements for records.

(a) Applicability.

- (1) *This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:*
 - (i) *Required to be maintained by the terms of this part, program regulations or the grant agreement, or*
 - (ii) *Otherwise reasonably considered as pertinent to program regulations or the grant agreement.*

(b) Length of retention period.

- (1) *Except as otherwise provided, **records must be retained for three years** from the starting date specified in paragraph (c) of this section.*

(2) If any litigation, claim, negotiation, audit or other action involving the records has started before the expiration of the 3 year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3 year period, whichever is later.

(c) Starting date of retention period.

(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or sub grantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

(2) Real property and equipment records. The retention period for real property and equipment records starts from the date of disposition or replacement or transfer at the direction of the awarding agency.

***Nevada Department of Public Safety Division of Emergency Management (DEM)
Federal Certified Assurances Part 18***

*The Grantee (State) is hereby delegated the authority to approve the allocations, use and expenditure of the funds made available by this award for confidential expenditures as defined and set forth in the effective edition of the "CCA General Program Guidelines and 44 CFR part 13 and 14." The Grantee also agrees to be responsible for monitoring the submission of and **maintaining the official documents connected with this requirement**, and making them available to DEM upon request.*

Condition

The MMRS grant program has been used to pay the salary of the MMRS coordinator, purchase equipment and pharmaceuticals, and to pay for annual software fees, training, travel, and exercise expenditures. The grant guidelines require quarterly financial and progress reports be submitted to the DEM. The MMRS coordinator forwarded the quarterly reports to the DEM but did not always retain copies of the forwarded documents.

Cause

- Lack of understanding of Federal and State grant compliance requirements.
- Throughout the duration of the MMRS grant program, the coordinator position was assigned to different individuals. Steps were not taken to ensure documents were available to the newly assigned coordinator.

Effect

44 CFR Part 13.43 Enforcement

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Recommendation

8.1 The MMRS coordinator should:

- Determine what documents should be retained to support the MMRS grant program.
- Designate a centralized location to systematically store applicable documents related to the MMRS grant program.
- Implement a retention schedule for all applicable documents.
- Ensure continuity of documents when a change in the MMRS coordinator position occurs.
- Establish, document, and implement written policies and procedures for the retention of required documents.

MANAGEMENT RESPONSE

1. Pharmaceutical and Equipment Management

Recommendation

1.1 The MMRS coordinator should establish, document, and implement an inventory management plan. This plan should include:

- Compliance with 44 CFR Part 13.32 Equipment standards.
- Policies and procedures to mark equipment purchased with Federal grant funds.
- Policies and procedures to minimize large periodic variations in supplies due to coinciding purchases and expiration dates.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

2. Reconciliation of Pharmaceutical and Equipment Purchases

Recommendation

2.1 The MMRS coordinator should establish, document, and implement an inventory management control system that includes the following procedures:

- Confirm the receipt of pharmaceuticals and equipment purchases to invoices and purchases orders.
- Add the purchases to physical inventory records that include the categories listed in 44 CFR Part 13.32 (d)(1).
- Review the quarterly financial reports to ensure that the grant reimbursements agree with the actual purchases. Follow-up on any discrepancies accordingly.
- Update the physical inventory records for any status changes.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

3. Exercise Management

Recommendation

3.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that:

- All exercises are pre-approved by Nevada Department of Public Safety Division of Emergency Management Exercise Officer (EO).
- All exercises are coordinated with the EO to ensure that the exercises are conducted in accordance with appropriate guidelines.
- After Action Report/Improvement Plans (AAR/IP) are submitted within 60 days to the EO with a copy provided to the Grants & Project Analyst.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

4. Award Adjustments

Recommendation

4.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of grant award adjustments.
- When received, written approvals for grant award adjustments are retained.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

5. Costs Requiring Prior Approval

Recommendation

5.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that prior approval is obtained before the MMRS coordinator prepares subsequent MMRS grant proposals and modifies existing awards. For future grant proposals, consideration should be given to adding these job responsibilities to MMRS coordinator job description in the Investment Justification.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

6. Employee Certification

Recommendation

6.1 Fire and Rescue management should establish, document, and implement policies and procedures to ensure compliance with 2 CFR Part 225. Periodic certifications should be submitted to the Nevada Department of Public Safety Division of Emergency Management that state the MMRS coordinator worked solely on the MMRS grant. The certifications should be signed by an official who has firsthand knowledge of the work performed by the MMRS coordinator.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

7. Quarterly Progress Reports

Recommendation

7.1 The MMRS coordinator should establish, document, and implement standardized policies and procedures to ensure:

- Timely submittal of quarterly reports.
- Documentation is maintained to confirm the timely submittal of the required reports.
- Continuity of the timely submittal of the quarterly progress reports when a change in the MMRS coordinator position occurs.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

8. Record Retention Requirements

Recommendation

8.1 The MMRS coordinator should:

- Determine what documents should be retained to support the MMRS grant program.
- Designate a centralized location to systematically store applicable documents related to the MMRS grant program.
- Implement a retention schedule for all applicable documents.
- Ensure continuity of documents when a change in the MMRS coordinator position occurs.
- Establish, document, and implement written policies and procedures for the retention of required documents.

Management Plan of Action

Accept and implement recommendations.

Estimated Date of Completion

January 1, 2012

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

SUBJECT:

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



AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: MAY 12, 2011

DEPARTMENT: CITY AUDITOR

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

ADJOURNMENT

