Agenda Item No.: **8.**

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 23, 2015

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

SUBJECT:
Discussion for possible action on Audit of the Citys Administration of the Emergency Management Performance Grant - CAO 0510-1415-05

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 City's Administration of the Emergency Management Performance Grant - CAO 0510-1415-05

RECOMMENDATION:
Accept the report.

BACKUP DOCUMENTATION:
1. Audit of the Citys Administration of the Emergency Management Performance Grant CAO 0510-1415-05
2. Submitted at Meeting - PowerPoint Presentation Slides 12-16 by Staff

Motion made by GREG HEADLEE to Accept the Report

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1
LOIS TARKANIAN, BOB COFFIN, GREG HEADLEE, ANNETTE CARRO; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-CRAIG M. ROSEVEAR)

Minutes:
CITY AUDITOR RADFORD SNELDING announced that GARY PHILLIPS, Senior Internal Auditor, was the lead auditor on this audit and would provide the report.

MR. PHILLIPS reported that the scope of this audit was limited to the Fiscal Year 2012 Emergency Management Performance Grant (EMPG) award, which was $391,886. He presented Slides 12-16, attached as backup, which contain background information relating to this grant and the three findings of the audit. He indicated that TED OLIVAS, Chief of Staff, and CAROLYN LEVERING, Emergency Management Administrator, were present to answer any questions.

MR. OLIVAS provided an overview of the auditors efforts, thanking CITY AUDITOR SNELDING, MR. PHILLIPS and their group for working with their department on this audit. He noted that the Office of Administrative Services policy is to follow procedures, so audits are welcomed to help identify any issues.

The EMPG is a federal grant that comes through the Nevada Department of Public Safety, Division of Emergency Management; essentially, a pass-thru grant for the Citys emergency management efforts. The Office of Administrative Services has a line of business for emergency management, with an emergency operations center located at the City's West Yard. This line of business is mostly funded by federal and state money.

MR. OLIVAS stated that the first audit finding was an inventory issue as it relates to the Code of Federal Requirements; basically, the City did not have a designator for federal property. As such, the department is working on implementing a more formal inventory management plan to meet both City and federal requirements.

The second audit finding related to an internal policy in that this grant was supposed to have gone through a Grant Review Committee (Committee), but since this was a formulated grant, it did not. That policy is being reviewed to determine when it is appropriate for a grant to go through the Committee. The intent of the Committee is to identify how grant requirements may affect City resources as they relate to long-term financial obligations.

The last finding related to the process for reviewing changes to the grant, and that process has been refined.

With regard to the second finding, MEMBER HEADLEE stated that his concern in accepting the grant was the potential for the City to overextend itself due to the 50 percent in-kind match obligation. Although not specific to this grant, CITY AUDITOR SNELDING pointed out that there are grants that will provide funding for a specific amount of time, and then after that period of time, there are additional obligations that the City is required to pay. The Committee would be beneficial in this scenario to review the types of commitments that go beyond the life of the grant. He agreed that there are circumstances where a grant would not have to go before a Committee but noted that because there was no policy exempting any grants from such a review, the auditor made a finding of it.

CITY AUDITOR SNELDING noted that this brings up a larger issue, in that City management will have to determine which grants need to go through the Committee. The risk would be the potential of committing the City to a larger obligation than it would like to have. In that respect, the Committee would act as a control mechanism, which he believed to be a good thing. MEMBER HEADLEE agreed, stating that the control mechanism is a positive but wished to make the point that if there were no changes or potential additional obligations, he could support a grant being exempt from review.

CHAIR COFFIN indicated that in his experience, the State of Nevada, as a whole, has been reluctant to seek grants because of the risk of becoming overextended. He asked DEPUTY CITY MANAGER ORLANDO SANCHEZ for his input. DEPUTY CITY MANAGER SANCHEZ explained that the departments budget is reviewed, and the long-term implications are considered and budgeted for appropriately. A thorough review is done to ensure that there are sufficient financial resources. Additionally, if there is a long-term obligation that is going to impact the budget, it would be brought before the City Council.

CHAIR COFFIN commented that long-term expenses are usually payroll, as positions only last as long as the grant exists. He asked MS. LEVERING to expand on that. MS. LEVERING explained that this particular grant was developed at the federal level for the purposes of providing stability for emergency management programs throughout the nation. There has been a fairly steady funding stream for the past 25 years. As far as the match requirements associated with the EMPD grant, the City overmatched this grant. The salaries and benefits of personnel already in the City that support emergency management were utilized. As the City matches more funds than are required, it can receive additional grant funding, if available, from other sub-grantees who do not spend their money. MS. LEVERING stated that the City is actually a team player statewide when it comes to participating in this particular grant, noting that when the State has been unable to meet its match requirements, the City has helped it do so because the State is allowed to claim the Citys overmatch as part of its overmatch.

In the next federal fiscal year, MS. LEVERING stated that the City anticipates receiving an increase to this award. As far as personnel, she is appointive, which is an at-will position. She noted that a new full-time, salaried position was just created after the person in a contract position retired, as this was found to be more equitable. This position was created with the understanding that if the grant funds should cease to exist, the position ends, which is the reality for the kind of work done in emergency management. CHAIR COFFIN commented that the department is fortunate because it deals with vital services, and people are reluctant to make cuts in those areas.

CITY AUDITOR SNELDING commented that several years ago, a series of contract audits were conducted; he now plans to do a series of grant audits to review the controls to identify any recommendations. He complimented MR. OLIVAS and MS. LEVERING on their work.