AUDIT DEPARTMENT

Audit Report

Parks and Recreation Classes and Programs Follow Up

December 2012

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Audit Director

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Angela M. Darragh, CPA, CFE, CISA, Director

December 21, 2012

Mr. Don Burnette
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Burnette:

Pursuant to Audit Department policy, we performed a follow-up audit of the Parks and Recreation Classes and Programs audit dated September 16, 2011. The audit objective is to determine whether adequate corrective action has been taken on the findings addressed in the audit report. Our audit procedures were performed as of August 10, 2012. Our procedures included performing a preliminary survey, analyses, and test of transactions on a sample basis. Our audit was conducted in accordance with generally accepted government auditing standards.

It is the department/division management's responsibility to decide if any appropriate action should be taken in response to reported audit findings. It is also their responsibility to assume the risk by not correcting a reported condition because of cost or other consideration.

Parks and Recreation has taken adequate corrective action on two of the findings reported in the original audit. It has also made improvements to the discount program. Two findings relating to no-fee programs and minimum enrollment requirements were disputed by Parks and Recreation. Four findings relating to processing and monitoring classes and programs activity are pending while Parks and Recreation searches for a new software application.

A draft report was provided to Parks and Recreation. We appreciate the cooperation and assistance provided by Parks and Recreation staff during the course of this audit.

Sincerely,

/s/ Angela M. Darragh

Angel M. Darragh, CPA
Audit Director

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BACKGROUND

Clark County Parks and Recreation (Parks) provides recreation and leisure programs for the community. It accomplishes this through its various recreation, aquatic, community, and neighborhood centers. Classes range from sports classes and leagues, to art and music programs, from dance classes to dog obedience courses. Each facility is unique and offers programs and services tailored to its surrounding demographics.

Every recreation center has the responsibility and flexibility to create, develop, and offer the classes and programs it chooses. Class and program information and transactions are recorded in RecWare (also known as Safari), Parks and Recreation's database.

Original Audit – The Clark County Audit Department performed an audit of *Classes and Programs*, dated September 16, 2011, for the period July 1, 2008, through June 30, 2010. The objectives of the audit were as follows:

> *To determine whether potential classes and programs are properly assessed using cost/benefit analysis; whether utilization numbers justify class or program selections; whether no-fee classes and the discount program are being equitably distributed between centers; whether discount and non-sufficient fund transactions are reasonably recorded and monitored to ensure compliance with departmental guidelines.*

The results of the original audit identified nine issues that needed corrective action. The report included the following concerns: pre-activity forms (which include utilization [minimum/maximum] enrollment numbers) are not completed on a consistent basis, class and program selections were not consistently justified based on utilization numbers, no-fee programs are predominantly higher in lower socio-economic demographics, and discount and non-sufficient fund transactions are not being consistently tracked for departmental compliance.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this follow-up audit is to determine whether corrective action has been taken on the findings addressed in the *Parks and Recreation Classes and Programs* audit report dated September 16, 2011.

Our procedures consisted of reviewing the original audit report and supporting documents, interviews with management and staff, observations, walkthroughs, examination of documentation, and performance of detailed tests and analyses. Our follow-up testing consisted of reviewing six discount accounts, six "for fee" programs and six "no-fee" programs along with three non-sufficient fund (NSF) check transactions. Excerpts from the original audit and management response were included in this report. The last day of fieldwork was August 10, 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

RESULTS OF FOLLOW UP AUDIT

Parks and Recreation has taken adequate corrective action on two of the findings reported in the original audit. The recommendations outstanding relate to the NSF reconciliation process, the discount program, pre-activity forms, and class/instructor information captured on Safari. However, these issues may be addressed with a new system that Parks is considering. The other two outstanding recommendations relating to the no-fee program and minimum enrollment guidelines were disputed by Parks and Recreation during the original engagement, and hence remain "not implemented".

Implementation Rate

Status of Findings	Number of Findings	% of Total
Implemented	2	22.2%
Not Implemented	6	66.7%
Other	1	11.1%
Total	9	100.00%

DETAILED RESULTS OF PRIOR AUDIT FINDINGS

Tamper Sealed Envelopes

Prior Finding	All the documentation and the cash received (awaiting Loomis pick-up) are placed in a regular envelope and stored in the safe. Given the material nature of what is stored in these envelopes, more secure resources should be considered.
Prior Recommendation	Audit recommended that Parks and Recreation invest and utilize tamper sealed envelopes to store cash receipts awaiting deposit procedures.
Management's Response to Prior Finding	Parks agreed with this audit finding and directed center/program supervisors to work with the department's Finance Unit to order tamper-sealed cash receipt envelopes, and to begin using them effective immediately.
Corrective Action Taken	Per observation of two park sites, tamper sealed envelopes were purchased and are being used to store cash receipts awaiting deposit.
Corrective Action Status	Implemented.

Controls over Safe

Prior Finding	Numerous employees at several of the sites we observed had access to that site's safe. These safes are used to store deposits waiting for pick up. We also noted that safe combinations are not changed on a regular basis.
Prior Recommendation	Parks and Recreation should develop and implement a policy where no more than three employees at a center have access to the safe at that location. In addition, Parks Management should ensure that the departmental policy covering safe combinations are being applied.
Management's Response to Prior Finding	Parks agreed with this audit finding that limited access to the safe be supported and has implemented a review of all department owned safes for compliance with the department's current fiscal policies.
Corrective Action Taken	Per observations of and interviews conducted at two park sites, safe access has been limited to three employees (which also includes weekend coverage). The department's policy does include "controls over safe" procedures.
Corrective Action Status	Implemented.

Improvements to the Discount Program

Prior Finding	Audit found inconsistencies with the administration of the discount program. Audit also found that application and supporting documentation for two of 12 (or 17%) selections made could not be located. However, both customers were allowed to use discounts for classes in which they enrolled.
Prior Recommendation	Parks should review current discount program procedures to address various issues on authorization and usage of discounts. It should also enforce existing discount program policies to ensure that discount applications are being processed appropriately, and maintained in accordance with document retention guidelines.
Management's Response to Prior Finding	Parks agreed with the audit finding and is currently attempting to review the data contained in our Recreation Management Application to reconcile the discount program accounts at each site. Parks received BCC approval and started the RFP process on a new system it feels would resolve this issue.
Corrective Action Taken	Parks and Recreation is in the middle of the RFP process for a new software solution. They have narrowed the list of potential vendors to four. They are also working with IT to help ensure that the appropriate software solution is selected. Funding has been approved and County Management approval has been obtained.
Corrective Action Status	Although the software solution is still pending, per testing performed, we noted that some of the discount issues had been addressed. Application and supporting documentation was provided. However, we did find an account that was set up for $5,200 (instead of $200) within Safari. Fortunately, there had been no activity in the account, and it expired in October 2011. A new account was set up appropriately for this customer in May 2012. Status - Other.

No NSF Reconciliation Process

Prior Finding	There is no NSF check reconciliation process in place at Parks and Recreation.
Prior Recommendation	Parks and Recreation should develop and implement NSF check reconciliation procedures.

Management's Response to Prior Finding	Parks agrees with the audit finding and currently has a departmental policy addressing returned checks (Policy F.2). Based on the limitations of their current software application, reconciliation is not possible. They are exploring other software applications and believe that with a new system, the recommended reconciliation will be possible. They received BCC approval and started the RFP process for a new system.
Corrective Action Taken	As previously mentioned, Parks and Recreation is in the middle of the RFP process for a new software solution.
Corrective Action Status	Based on testing performed during the follow-up engagement, NSF activity is still not reconciled between the bank statement, SAP and Safari. Not implemented.
Not Consistently Completing Pre-Activity Forms	
Prior Finding	Pre-activity forms are filled out when Parks and Recreation is considering offering a class. However, this form is not always prepared consistently, and in some cases not prepared at all.
Prior Recommendation	Parks and Recreation should require and monitor the consistent and appropriate preparation of pre-activity forms for all classes and programs being offered at each of its facilities.
Management's Response to Prior Finding	Parks agrees that pre-activity forms are required for all programs and classes being offered in Fund 5410 and will ensure that staff complete these documents prior to the implementation of each program or class.
Corrective Action Taken	Parks and Recreation is in the middle of the RFP process for a new software solution which should address this issue.
Corrective Action Status	Based on testing performed, Audit found two classes where the pre-activity form was not prepared. We also found three pre-activity forms where the information did not agree to information recorded in Safari. Not implemented.

Equitable Distribution of No-Fee Programs

Prior Finding	Parks and Recreation offers various no-fee programs at no cost to customers. However, these no-fee programs are primarily being offered at senior centers. No-fee programs are not equitably distributed among the centers.
Prior Recommendation	Parks and Recreation should assess its no-fee process and develop and implement procedures that promote the equitable distribution of no-fee programs to its centers.
Management's Response to Prior Finding	The department offers a mix of low cost, no cost and at cost programs in an effort to meet the needs of the community; however, the application of fee-based programs is greatly influenced by the geographic and socioeconomic location of our different recreation and community centers.
Corrective Action Taken	No corrective action has been taken, as Parks and Recreation does not concur with this finding and believes that no-fee program inequities are necessary to accommodate geographic and socioeconomic differences. As this is a management decision, we will defer to Parks' decision.
Corrective Action Status	Not implemented.

Missing Class Information on Safari

Prior Finding	Audit noted in 14 of 28 (50%) classes selected where class information was not found within Safari.
Prior Recommendation	Parks and Recreation should change how classes are recorded and maintained on Safari to ensure that historical information on classes and programs is preserved.
Management's Response to Prior Finding	Parks agreed with the audit finding, and as previously mentioned, is working on a software application to replace Safari. It is hoped that this new application will offer functionality that will resolve the historical class coding issues noted.
Corrective Action Taken	The RFP process for a new software solution is pending.

Corrective Action Status

Testing performed during the follow-up engagement confirms that issues with missing class information in Safari still exist. We found an instance where a class could not be located in Safari, and a class number which was reused in a subsequent period with a different class name. We also identified one customer that could not be located in Safari.

Not implemented.

Minimum Enrollment Not Met

Prior Finding

Parks determines a minimum and maximum enrollment number for each of its classes. When classes do not meet minimum enrollment numbers, they are not held. However, we found one of 34 (3%) selections where class minimum enrollment was not met, but the class was still held.

Prior Recommendation

Parks and Recreation should ensure that it follows its departmental policy regarding class enrollment guidelines.

Management's Response to Prior Finding

It is very common for newly introduced programs and classes to not meet minimum enrollment standards often because customers are not aware of the offering or are unfamiliar with the activity. It has been found that allowing classes to run with below minimum enrollment for one or two sessions commonly results in minimum enrollment being exceeded during subsequent sessions.

Corrective Action Taken

No corrective action has been taken as Parks and Recreation does not concur with this finding and believes that a program should be offered several times in order to obtain a true assessment of its potential/success.

Corrective Action Status

As previously noted, there are issues with class information not being retained in Safari. As such, conducting an assessment of how any class is performing from one fiscal year to the next is difficult. Therefore, we could not verify management's response.

Not Implemented.

Instructor Information

Prior Finding	Audit noted on 5 of 6 selections (83%) where the instructor information was either left blank or the option "staff, center" was selected. The only way to determine who instructed a class was to ask site personnel. Instructor information should be consistently entered into Safari to make it easier to track instructor performance and analyze costs.
Prior Recommendation	Parks and Recreation should create and implement a policy that requires appropriate and timely entering of instructor information on a consistent basis into Safari.
Management's Response to Prior Finding	Parks agreed with this audit finding, and staff has been directed to input all class information into the Safari software application.
Corrective Action Taken	Parks hopes that the new software solution being considered will address this issue of appropriate instructor information on its database.
Corrective Action Status	As previously noted, the RFP process for a new software solution is pending. Testing performed during the follow-up engagement found instructor information on a pre-activity form that was different than the information in Safari. Not implemented.

APPENDICES

Appendix 1: Management's Response

Clark County Parks & Recreation
Classes and Programs
Follow Up Audit Report Response
11/18/12

Thank you for completing the follow up audit pertaining to Parks and Recreation classes and programs. As was noted, a number of the items were addressed and implemented, while a number of others will be successfully implemented following the obtainment of a new software solution.

3) Improvements to the Discount Program

Staff is working with IT and Purchasing during the negotiations for a new software solution. Provided appropriate funding is available, it is anticipated that a recommendation would be made by February 2013.

4) No NSF Reconciliation

We agree with the audit findings and currently have a departmental policy addressing returned checks (Policy F.2). Based on the limitations of our current software application reconciliation is not possible. We believe that with a new system, the recommended reconciliation will be possible. Staff is working with IT and Purchasing during the negotiations for a new software solution. Provided appropriate funding is available, it is anticipated that a recommendation would be made by February 2013.

5) Pre-Activity Forms

We agree that pre-activity forms are required for all programs and classes being offered in Fund 5410 and will ensure that staff complete these documents prior to the implementation of each program or class. It is important to note that it has long been the organization's philosophy to provide low cost/no cost programs and services and as such not all classes, programs and services offered are intended to generate positive revenue. Activities offered through the general fund are not intended to generate revenue and therefore do not require a pre-activity form, but may require the completion of a special event budget based on the scope of the activity.

6) No-fee Program Distribution

The department stands by its earlier statement: The department offers a mix of low cost, no cost and at cost programs in an effort to meet the needs of the community; however, the application of fee-based programs is greatly influenced by the geographic and socioeconomic location of our different recreation and community centers. In certain areas of the community there is a greater demand for various paid programs. In other areas incentive, or free, programming is necessary to meet the population's leisure needs. These no-fee programs are supported by the County's General Fund for this purpose. This is a dynamic process that is reviewed on an activity-by-activity basis that will continue to be monitored by senior recreation staff.

7) Missing Class Information on Safari

Staff is working with IT and Purchasing during the negotiations for a new software solution. Provided appropriate funding is available, it is anticipated that a recommendation would be made by February 2013.

8) Minimum Enrollment and Cost Containment

As per our previous statement, it is very common for newly introduced programs and classes to not meet minimum enrollment standards often because customers are not aware of the offering or are unfamiliar with the activity. It has been found that allowing classes to run with below minimum enrollment for one or two sessions commonly results in minimum enrollment being exceeded during subsequent sessions. The department is confident in its ability to operate in a fiscally sound manner and has achieved or exceeded each of the cost containment requirements implemented in the past several years. Minimum/maximum enrollments will be included in the software system used by the department, however enrollments will remain flexible to maintain overall service goals.

In addition, staff is working with IT and Purchasing during the negotiations for a new software solution. Provided appropriate funding is available, it is anticipated that a recommendation would be made by February 2013.

9) Instructor Information on Safari

We agree with the audit findings, and staff has been directed to input all class information into the Safari software application and ensure that the instructor information per the pre-activity form agrees with the information input into Safari.

PARKS AND RECREATION CLASSES AND PROGRAMS FOLLOW-UP

AUDIT DEPARTMENT
Angela M. Darragh, CPA, CFE, CISA
Audit Director

Findings, Recommendations, and Corrective Actions Status
As of August 10, 2012

Original Report Issuance Date: September 16, 2011

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
1	**Tamper Sealed Envelopes**						
	All the documentation and the cash received (awaiting Loomis pick-up) are placed in a regular envelope and stored in the safe. Given the material nature of what is stored in these envelopes, more secure resources should be considered.	Audit recommends that Parks and Recreation invest and utilize tamper sealed envelopes to store cash receipts awaiting deposit procedures.	Y	Recommendation was implemented during the original audit engagement. Two centers were visited to verify use of new tamper sealed bags.	✓		
2	**Controls over Safe**						
	Numerous employees at several of the sites we observed had access to that site's safe. These safes are used to store deposits waiting for Loomis pick up. Audit also noted that safe combinations are not changed on a regular basis.	Parks and Recreation should develop and implement a policy where no more than three employees at a center have access to the safe at that location. In addition, Parks Management should ensure that the departmental policy covering safe combinations are being followed.	Y	Recommendation was implemented during the original audit engagement. Two centers were visited to verify added controls over safe.	✓		

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
3	**Improvements to the Discount Program**						
	Audit found inconsistencies with the administration of the discount program. Audit also found that application and supporting documentation for two of 12 (17%) selections made could not be located. However, both customers were allowed to use discounts for classes in which they enrolled.	Parks should review current discount program procedures to address various issues on authorization and usage of discounts. It should also enforce existing discount program policies to ensure that discount applications are being processed appropriately, and maintained in accordance with document retention guidelines.	y	Parks and Recreation is in the middle of the RFP process for a new software solution. They have narrowed the list of potential vendors to four. They are also working with IT to help ensure that the appropriate software solution is selected. Funding has been approved and County Management approval has been obtained. The software solution is still pending. We did find one account that was set up with the wrong discount amount.			✓
4	**No NSF Check Reconciliation Process**						
	There is no NSF check reconciliation process in place at Parks and Recreation.	Parks and Recreation should develop and implement NSF check reconciliation procedures.	Y	As noted above, Parks and Recreation is in the middle of the RFP process for a new software solution that may address this issue. The software solution is still pending. Per testing performed, NSF activity is still not being reconciled between the bank, SAP and Safari.		✓	
5	**Not Consistently Preparing Pre-Activity Forms**						
	Pre-activity forms are filled out when Parks and Recreation is considering offering a class. However, this form is not always prepared consistently, and in some cases not prepared at all.	Parks and Recreation should require and monitor the consistent and appropriate preparation of pre-activity forms for all classes and programs being offered at each of its facilities.	Y	As noted above, Parks and Recreation is in the middle of the RFP process for a new software solution that may address this issue. The software solution is still pending. Issues with pre-activity forms still exist per testing performed.		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
6	**Equitable Distribution of No-Fee Programs**						
	Parks and Recreation offers various no-fee programs at no cost to customers. However, these no-fee programs are primarily being offered at senior centers. No-fee programs are not equitably distributed among the centers.	Parks and Recreation should assess its no-fee process and develop and implement procedures that promote the equitable distribution of no-fee programs to its centers.	N	The department offers a mix of low cost, no cost and at cost programs in an effort to meet the needs of the community; however, the application of fee-based programs is greatly influenced by the geographic and socioeconomic location of our different recreation and community centers. Per review of no-fee reports and testing performed, no-fee programs continue to be heavily distributed to senior and lower socioeconomic areas.		✓	
7	**Missing Class Information on Safari**						
	Audit noted in 14 of 28 (50%) classes selected where class information was not found within Safari.	Parks and Recreation should change how classes are recorded and maintained on Safari to ensure that historical information on classes and programs is preserved.	Y	As noted above, Parks and Recreation is in the middle of the RFP process for a new software solution that may address this issue. The software solution is still pending. Issues with missing class information on Safari still exists per testing performed.		✓	
8	**Minimum Enrollment not Met**						
	Parks determines a minimum and maximum enrollment number for each of its classes. When classes do not meet minimum enrollment numbers, they are not held. However, Audit found one of 34 (3%) selections where class minimum enrollment was not met, but the class was still held.	Parks and Recreation should ensure that it follows its departmental policy regarding class enrollment guidelines.	N	According to Parks, it is very common for newly introduced programs and classes to not meet minimum enrollment standards often because customers are not aware of the offering or are unfamiliar with the activity. It has been found that allowing classes to run with below minimum enrollment for one or two sessions commonly results in minimum enrollment being exceeded during subsequent sessions. As previously noted, there are issues with class information not being retained in Safari. As such, conducting an assessment of how any class is performing from one fiscal year to the next is difficult.		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
9	Missing Instructor Information on Safari						
	Audit noted on 5 of 6 selections (or 83%) where the instructor information was either left blank or the option "staff, center" was selected. The only way to determine who instructed a class was to ask site personnel. Instructor information should be consistently entered into Safari to make it easier to track instructor performance and analyze costs.	Parks and Recreation should create and implement a policy that requires appropriate and timely entering of instructor information on a consistent basis into Safari.	y	As noted above, Parks and Recreation is in the middle of the RFP process for a new software solution that may address this issue. The software solution is still pending. During testing, Audit found a class whereby the instructor information per the pre-activity form did not agree to information on Safari.		✓	