

AUDIT REPORT

Clark County Parks and Recreation Department
Fiscal Year 2021 Arts Plan Audit
July 28, 2021



CLARK COUNTY *Nevada*
Audit Department

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Audit Executive Summary

2021 County Arts Plan Audit *July 2021*

Background | On July 17, 2012, the Clark County Board of County Commissioners established the Percent for the Arts Program and Art Fund to create art projects throughout the County.

Clark County funds the program through contributions from the Room Tax Collection Commission and Special Ad Valorem Capital Projects Tax. Each source contributes no less than 5% from collected annual amounts. The combined amount of the apportionments shall not exceed \$1.25 million, per County Ordinance.

The public arts program is administered by the Department of Parks and Recreation. Administration of the program entails planning and executing new art projects, initiating repairs for existing artwork, restoring existing public art, operating three public art galleries, conducting community art engagement events, and the development of public art education opportunities. Parks and Recreation has staff dedicated to the program.

The art program and Art Fund are audited annually in accordance with the ordinance that established the program.

Purpose of Audit | The objective of this audit was to determine whether expenditures made from the County Arts Fund meet the Annual Arts Plan and Clark County Ordinance, Chapter 2.90 requirements. Also, whether expenses incurred for the 1 October Memorial art project are reasonable and supported.

Summary and Key Findings | Overall, we found that the Parks and Recreation Department manages the art program in accordance with County Code and the approved Arts Plan. We did find some opportunities for improvement related to managing the contract for the 1 October Memorial Art Project and some concern about the project's timeline.

The key audit findings are all related to the 1 October Memorial project and include the following:

- The 1 October Memorial art project budget proposal only contained planning costs; overall project costs could overburden the fund.
- Facilitation service invoices for the 1 October Memorial art project contain weak descriptions of services rendered.
- Parks and Recreation should implement a journal to cross reference charges billed by the 1 October facilitator.
- Some of the 1 October Memorial art project milestones have not been met.
- Project costs are being incurred for a project where the location of the project is unknown.
- A small number of invoices were received later than contractually stipulated.

See audit report for full details.

Recommendations | The audit report includes nine recommendations related to improving oversight of the 1 October Memorial Art Project facilitation services contract and factors to consider when planning the next phase of the project.

Management agrees with the recommendations and action is scheduled to be taken.

For more information about this or other audit reports go to clarkcountynv.gov/audit or call (702) 455-3269.



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Background

In July 17, 2012, an ordinance amending Title 2 of the Clark County Code was passed by the Board of County Commissioners. This amendment established the Percent for the Arts Program and an Arts Fund. The actual apportionment of funds began on January 1, 2013.

The program and fund were established as a mechanism to fund public art projects and enhance art education throughout Clark County. The goal of the program is to enrich Clark County with engaging public spaces to complement its urban and rural design. The program also provides funding for a Poet Laureate, public art galleries, and the on-going maintenance of public artwork. The Clark County Parks and Recreation Department administers the public art program.

The County provides funding to the program through contributions from the Room Tax Collection Commission and Special Ad Valorem Capital Projects Tax. Each source contributes no less than 5% from collected annual amounts.

Per County Code, the combined amount of the apportionments for the Art Fund shall not exceed \$1.25 million on an annual basis. The Department must use these funds exclusively for a specified purpose or function relating to a work of art or an artistic program in accordance with an annual County Arts Plan. Unused funds are rolled forward.

Parks and Recreation prepares and presents the County Arts Plan on an annual basis to the Board of County Commissioners for approval. The County Arts Plan includes information regarding program administration, selection criteria for art project sites, recommendations for future art projects or programs, and status updates for any art projects or programs that were completed or remain in progress.

The first Board approved County Arts Plan included the creation of an Art Committee consisting of seven artists, art professionals, and other County residents with art expertise. The first Art Committee was appointed on August 6, 2013.

Parks and Recreation Works Closely with the Art Committee

The Art Committee reviews possible art project sites with assistance from the Parks and Recreation Department. When it finds a site suitable to be recommended to the Board for an art commission, it evaluates the potential of the site and assigns a budget to the proposed project. If the Board accepts the proposed budget, Parks and Recreation will then assemble a separate jury with representation from the site neighborhood and issue a call for artists. The jury will then select an artist or artists to execute the commission.

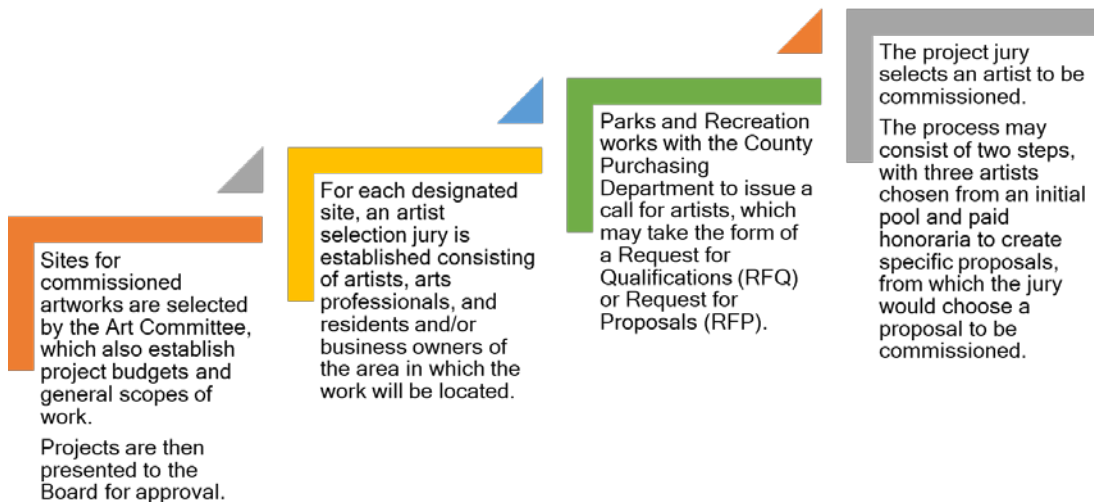
Parks and Recreation assists with issuing calls for artists, artwork installations, the maintenance of artwork in

collaboration with artists, and facilitating public art education. The Department also catalogs and track artworks for purposes of maintenance. Lastly, the Department also helps with public outreach for the program.

The Department works closely with the Art Committee in selecting projects and developing project scope, budget, and timelines. The overall process is illustrated in Exhibit 1.

Art Project Site and Project Selection Process Summary

Exhibit 1



Source: Auditor prepared

Since the fund's inception, various art projects of differing size and scope have been proposed and completed. The largest Art Fund project to date is the Nellis Absolute Ceiling Project, pictured on the cover of this audit report, which had a total budget of \$500,000. The annual budget proposal for new projects varies every year and is summarized in Exhibit 2.

Proposed Art Project Budgets Fiscal Years 2013 - 2021 ⁽¹⁾

Exhibit 2

Year	Art Project Budget
2013	\$ 37,500
2014	675,000
2015	426,000
2016	495,000
2017	1,167,500
2018	550,000
2019	680,000
2020	285,000
2021	319,171
Total	\$ 4,635,171

Source: Auditor prepared based on annual Art Plan data.

⁽¹⁾ Does not include yearly recurring art project costs such as public art education, galleries, poet laureate, maintenance, or salary expenses.

In the Fiscal Year (FY) 2019 County Arts Plan, approval was granted to begin the process of creating a public art memorial project to remember those who perished or were impacted by the events of 1 October 2017. The Art Committee sought funding to bring in experts to initiate a public engagement process to identify the comprehensive protocols and steps necessary to create a public art memorial. This request was approved along with the other art projects presented in the plan.

County Code requires an annual audit of the arts program. This audit was performed to fulfill that requirement as part of our audit plan.

Scope and Objectives

The objective of this audit was to determine whether expenditures made from the County Arts Fund meet the Annual Arts Plan and Clark County Code of Ordinance, Chapter 2.90 requirements. Our objective was also to verify whether expenditures for the 1 October Memorial Art Project were supported, appropriate, and made in accordance with any established contracts.

Our procedures considered the period of February 1, 2020 through January 31, 2021. The last day of fieldwork was July 6, 2021.

Methodology

In order to accomplish our objectives, we reviewed the Fiscal Year 2021 County Arts Plan dated June 2, 2020. We held discussions with management to obtain updates on various art projects. We then performed the following audit procedures:

- Used professional judgement to select 8 out of 50 office supply purchases, all 6 operating supply purchases, and 11 out of 137 'other' purchases that were recorded to the arts fund during the audit period. These purchases were then reviewed to determine whether:
 - The purchase reasonably related to the operation of the art program;
 - The purchase amount was reasonable;
 - The purchase category was disclosed in the annual art plan;
 - Any purchased goods were safeguarded (*when applicable*); and
 - The expense was recorded to the correct general ledger account.
- Used professional judgement to select 5 out of 39 professional services charges recorded during the audit period and corresponding to an art project. We reviewed each art project to determine that the site was approved by the Art Committee and artists were selected by a jury. We also confirmed the project's existence and that the location was within Clark County. We reviewed each corresponding invoice to determine that
 - Amounts billed were in accordance with any established letters of agreement;
 - The corresponding purchase order limit was not exceeded;
 - The corresponding art project was disclosed in the annual arts plan;
 - The expense was recorded to the correct general ledger account and accounting fund.
- Reviewed the budgetary figures reported in the FY21 Arts Plan to verify accuracy and determine reasonableness of proposed budgets.
- Confirmed that all 9 employees that had payroll costs recorded to the Art Fund where indeed involved with the arts program and/or performed work related to the arts program.
- Used professional judgement to select all 8 invoices recorded to the 1 October Memorial Art Project for facilitation services to determine that:

- The costs were recorded in the correct general ledger account;
- The corresponding purchase order was approved and not exceeded;
- The incurred costs were disclosed in the FY21 Arts Plan;
- The amounts billed were reasonably supported and services were actually performed.
- Used public records to confirm that the expert selected to provide the facilitation services for the 1 October Memorial Art Project was qualified.
- Analyzed the costs of the 1 October Memorial Art Project relative to other art project costs to determine whether the costs are comparable and whether the fund can accommodate future costs for the project.
- Reviewed all 1 October Committee meeting minutes to determine whether the project timeline, disclosed in the facilitation services contract, was on pace to be met.

The Arts Plan audit is performed yearly. There were no findings in the previous audit. While some samples selected were not statistically relevant, we believe they are sufficient to provide findings for the population as a whole.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal control are included in the detailed results.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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. Our department is independent per the GAGAS requirements for internal auditors.

Conclusions

Overall, we found that the Parks and Recreation Department manages the art program in accordance with County Code and the reported Arts Plan. We did find some areas of improvement related to managing the invoices for the 1 October Memorial Art Project and concern about the project's timeline.

Each finding includes a ranking of risk based on the risk assessment that takes into consideration the circumstances of the current condition including compensating controls and the potential impact on reputation and customer confidence, safety and health, finances, productivity, and the possibility of fines or legal penalties.

Auditee responses were not audited, and the auditor expresses no opinion on those responses.

Findings, Recommendations, and Responses

1 October Memorial Art Project Budget Proposal Only Included Planning Costs; Overall Costs Could Overburden the Fund (Medium Risk)

We found that when the 1 October Memorial Art Project budget was presented for approval in Fiscal Year 2019, only planning costs were included in the proposal, as the overall project costs were not yet available (*due to uncertainty of the project details*). This is not customary; art project budgets are normally proposed using total estimated costs, and not just the planning costs.

In addition, we believe that the overall project costs for this project could overburden the Art Fund. As an example, the current planning costs, based on a single purchase order of \$250,000, are 86% higher than all previously approved art projects. For reference, the highest Art Fund project had an approved budget of \$500,000 - the current approved budget for this project is \$333,000 and does not include the full costs of the project.

We acknowledge the challenge with coordinating a project of this scale, and the importance of proper planning given the sensitive nature of the memorial. However, we believe that the magnitude of this project could result in a large portion of the Art Fund being dedicated to a single project, taking away the opportunity for other areas of the community to benefit from public art.

Recommendation

1.1 Parks and Recreation should finalize the source of funding for the 1 October Memorial Art Project before

proposing any additional costs beyond what has already been approved by the Board.

1.2 If it is determined that the Art Plan fund will provide sole funding for this project, analyze how the project costs could hamper other art projects from being established.

1.3 If funding for this art project will come from an alternative source, determine whether the Art Fund needs to be replenished for the funds already spent for planning.

Management Response

1.1 The Board of County Commissioners has funded, through the Public Art Fund, \$333,000 towards the cost of the 1 October Committee facilitation. The Art Fund is not the source of funding for project design, construction, nor maintenance of the final project.

1.2 One of the three goals established for the 1 October Memorial Committee is to identify a permanent funding source for the memorial. Once identified the BCC will discuss and vote on the recommendation and the Department of Parks and Recreation will act in accordance with the direction provided by the BCC. When funding source is identified the Art Plan will no longer fund this project.

1.3 Once the source of the funding has been identified Parks and Recreation will work with Finance and the County Mangers Office to make the determination as to what and how much will/may be reimbursed

Costs Are Being Incurred for a Project Where the Site is Unknown - Resulting in Non-Conformance with County Code (Low Risk)

When the 1 October Memorial Art Project's budget was proposed for approval, the location of the project was unknown. Clark County Code restricts usage of County Arts Funds to works of art, artistic programs, and projects located in the unincorporated area of the County. The Ordinance states:

"2.90.030 - Creation of County Arts Fund—Restrictions on use of moneys in fund.

(c) Moneys deposited in the County Arts Fund may be used only for works of art and other artistic programs and projects in the unincorporated area of the county and in county public works projects or buildings that are located in another jurisdiction within the incorporated area of the county."

Although the site location of the project is not final, funds are being expended on the project. We believe this is not in conformance with County Code as the location has not yet been finalized.

We rated this finding a low risk because it is more than likely that the project will be located within Clark County. However, those exact details were not known at the time costs were incurred or when the project's budget was proposed.

Maintaining adherence to the various directives of the Arts Program is important to ensure transparency and accountability for public funds.

Recommendation

2.1 If it is determined that the Arts Fund will be the main source of funds for this project, Parks and Recreation should finalize a location before requesting approval of any additional funds.

2.2 Amend the Arts Plan ordinance to include large projects of community significance, regardless of their location in the County.

Management Response

2.1 The October 1 Memorial Committee is tasked with recommending a site and design for the project. The MGM has indicated that they are willing to provide approximately 2 acres for the memorial. This will be presented to the BCC and voted on accordingly. It is not anticipated that the BCC will expect the Arts Plan to fund the memorial construction or ongoing operation.

2.2 Parks and Recreation will work with county management to address possible changes to the Arts Plan ordinance for purposes of significant projects of artistic significance.

Management of the Facilitation Services Contract for the 1 October Memorial Project Could Be Improved (Low Risk)

The contract for the committee facilitation services for the 1 October Memorial Art project includes a compensation schedule of \$6,000 per day of work, up to \$10,000 per month.

During our testing of invoices submitted for payment, we found that all 8 sampled invoices contained a summary of services rendered - namely the month and year of when the work was performed. We believe this is insufficient for Parks and Recreation to confirm the services being billed (*i.e. the number of days worked*).

Parks and Recreation does not maintain an independent record or documentation that would support the work being billed.

Nonetheless, we verified the work being billed by compiling documentation to support that at least two days' worth of work was performed (*all invoices were at least \$10,000*).

This contract stipulates a daily compensation schedule with a monthly maximum payment. Requesting detail of the work being billed and having a means to independently verify that work improves accountability. Further, it reduces the risk of unsupported work being paid for. Lastly, it allows for staff to verify the work being billed should there be an absence in key staff members that have a more comprehensive knowledge of the work that was performed.

We rated this finding a low risk because we do believe the services are being performed and we do believe that preparation work is done in advance of meetings. Implementing sound contract management practices is important should this project remain within the realm of Parks and Recreation.

Recommendation

- 3.1 Request the 1 October facilitation services vendor indicate a more descriptive narrative of the services performed sufficient to confirm the charges being billed.
- 3.2 Implement a journal or maintain notes that would be sufficient to independently validate the work being billed for the facilitation services contract.

Management Response

- 3.1 Parks and Recreation agrees and has requested and implemented a more descriptive receipt for services rendered from the vendor.
- 3.2 Parks and Recreation has assigned the Sr. Administer to track and document dates and work provided by the vendor.

1 October Memorial Art Project Milestones Not Met (Low Risk)

The facilitation services contract for the 1 October Memorial Art Project contains a work plan with three distinct project phases. These phases each have distinct milestones with target dates - an excerpt is provided in Exhibit 3.

Facilitation Services Milestones

Exhibit 3

MILESTONES

PHASES OF WORK		PERCENTAGE OF WORK	AMOUNT
PHASE 1 <ul style="list-style-type: none"> Setting Conditions for Success 	December 2019 through June 2020	100%	\$70,000
PHASE 2 <ul style="list-style-type: none"> Identifying potential location(s) Formalizing project scope and RFQ and inviting 3-5 artists to submit proposals Public presentations by finalists, and with broad public input, selection of one proposal. Presentation if need to the County governing body. 	July 2020 through June 2021	100%	\$120,000
PHASE 3 <ul style="list-style-type: none"> Developing recommendations for location, scope of work; budgets and timelines for construction, programming, maintenance; and funding options for permanent 1 October Memorial. 	July 2021 through December 2021	100%	\$60,000
TOTAL PHASES 1, 2, AND 3		100%	\$250,000

Source: Scope of Work to Provide Facilitation of 1 October Memorial Committee, Signed 01/17/2020

We found that the Phase 1 milestones were completed. However, we could not confirm that all of the phase 2 targets have been completed. Specifically, the invitation of 3-5 artists to submit proposals, public presentations by finalists and selection of one proposal.

While we acknowledge the complexity, sensitive nature, and importance of this project, we believe that achieving these milestones and targets promotes progress and timely project completion. Further, it helps with controlling project costs.

We rated this finding a low risk because the COVID-19 pandemic created barriers that could have delayed the achievement of some of the milestones. (*Note: invoices were still submitted and paid for during this time*)

Recommendation

4.1 Continue to monitor the vendor's performance to ensure contractual phases are in progress and completion of phase 2 and 3 is feasible. If completion is not feasible, consult with the County Purchasing and Contracts to determine whether a new contract will be needed.

Management Response

4.1 Parks and Recreation agrees with the Auditors recommendation. While the pandemic and reopening caused many challenges to all operational aspects, the timeline was an estimate and the environment remains fluid as to phase completion. Parks and Recreation maintains confidence of the vendor and will remain vigilant in monitoring the phases and deliverables of the contract.

A Small Number of Invoices Submitted Later Than Contractually Stipulated (Low Risk)

We found that 3 out of 8 invoices sampled for testing were submitted to Parks and Recreation late. These invoices were all for facilitation services for the 1 October Memorial Art Project.

The schedule for submitting invoices is outlined in the scope of work agreement between the County and the provider. The schedule stipulates that the provider submits invoices within 30 calendar days of completion of monthly services. Exhibit 4 summarizes the details.

Invoices Submitted Late ⁽¹⁾ Exhibit 4

Month Services Rendered, Per Invoice Description	Invoice Receipt Date	Number of Days Beyond 30 Calendar Days
Oct 2020	Dec 9, 2020	9 Days
Jul 2020	Sep 21, 2020	22 Days
Jan 2020	Apr 14, 2020	44 Days

Source: Auditor prepared

⁽¹⁾ Measured using receipt date in County's Accounting System

Submitting invoices late adds administrative hardship to the Parks and Recreation Department as staff have to shift work priorities to ensure timely processing. Further, this could impact the cost reporting of art projects and delay the preparation of the annual arts plan report.

Recommendation

5.1 Remind the service provider that invoices are due within 30 calendar days of completion of monthly services.

Management Response

5.1 Parks and Recreation has reminded the vendor and assigned the Sr. Program Administer the responsibilities of maintaining invoices every 30 days.