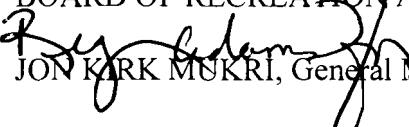


FOR INFORMATION ONLY

CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS

September 2, 2009

TO: BOARD OF RECREATION AND PARK COMMISSIONERS

FROM:  JON KIRK MUKRI, General Manager

SUBJECT: FIELD PERMITTING PROCESSES AND AUDIT FINDINGS

The Department of Recreation and Parks has regularly audited field permitting processes over the years. At the August 12, 2009 Board meeting, President Barry Sanders requested staff to report at its September 2, 2009 meeting on the Department's field permitting processes and audit findings. The following is information on the field permitting process and audit findings based on routine and special audits conducted over the past five years:

Field Permitting Process

Permit applications and reservations for the use of an outdoor sport facility at recreation centers operated by the Department of Recreation and Parks are open to all members of the public. Most centers share the permitting responsibility with the Municipal Sports Section. The Municipal Sports Section has permitting jurisdiction over the use of all facility outdoors play/sport fields, Monday through Friday from 6:00 p.m. to 10:30 p.m., and Sunday from 8:00 a.m. to 5:00 p.m. Saturday and weekdays prior to 6:00 p.m. fall under the jurisdiction of the facility staff and the regional operations permitting authority.

Field Permitting Audit Findings

The Department has an Audit Section under the Finance Division. Although the Audit Section has limited resources, it is assigned to audit 400 sites that collect revenues. Despite these limited resources, we have conducted regular facility audits of 83 centers over the past five years, conducted routine surprise cash counts, and petty cash and change fund audits. During the course of our routine audits, four (4) of the 83 centers were identified as having deficiencies related to the field permitting process. The deficiencies were as follows:

- Missing Permit records
- Non-issuance of permits for the use of Athletic Field and Ball Diamond Field
- Field usage was not supported by permits
- Required fees were not collected from patrons for the use of the facility
- Usage of facility allowed without valid permit

Aside from the routine audits referenced above we have, at management's request, conducted special investigations including the Survey of Permits Monitoring and audits based on whistle

blowers' reports of possible illegal activities. The Department has a long practice of sharing audit reports with both the Controller's Office and with an outside CPA firm.

Staff is committed, through the auditing process, of exposing all practices and activities that do not support the Department's standard of zero tolerance for fraud, dishonesty, theft and falsification of records.

This report was prepared by Faith Mok, Chief Financial Officer and Kevin Regan, Assistant General Manager-Operations West.