CARSON CITY CONSOLIDATED MUNICIPALITY
NOTICE OF MEETING OF THE
CARSON CITY AUDIT COMMITTEE

Day: Tuesday
Date: March 22, 2016
Time: Beginning at 3:00pm
Location: Community Center, Sierra Room
                851 East William Street
                Carson City, Nevada

Agenda

1.   **Call to Order**

2.   **Roll Call**

3.   **Public Comments and Discussion:**
      The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of, the Carson City Audit Committee. In order for members of the public to participate in the Committee's consideration of an agenda item, the Committee strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

4.   **For Possible Action: Approval of Minutes** - November 17, 2015

5.   **For Possible Action: Adoption of Agenda**

6.   For Possible Action: Discussion, possible action, and direction to Staff regarding the current Audit Work Program Update.

      Summary: Representatives from Moss Adams and City staff will be discussing and taking direction from the Audit committee regarding the current work program.

7.   For Possible Action: Discussion and possible action regarding the monitoring, review and closure of internal audit findings included in the Audit Findings Tracking Report and provide recommendations to the Board of Supervisors for closure of completed projects.

      Summary: Representatives from Moss Adams and City staff will discuss the monitoring, review and closure of internal audit findings included in the Audit Findings Tracking Report.

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8. For Possible Action: Discussion and possible action to adopt policies and procedures for audit findings administration.

Summary: Moss Adams has prepared policies and procedures for audit findings administration to provide guidance to the Audit Committee regarding the tracking, review, and closure of audit findings.

9. For Possible Action: Discussion and Possible action to update procedures for the Fraud Waste and Abuse (FWA) Program (including the Hotline Program) to include a procedure for the Audit Committee Chairman to review complaints before they are considered closed.

Summary: Representatives from Moss Adams will discuss updating procedures for the Fraud Waste and Abuse (FWA) Program (including the Hotline Program).

10. For Possible Action: Presentation by Moss Adams on the Policies / Procedures Update Project which includes a Policy Inventory and Recommendations for the Audit Committee's consideration, discussion, and possible recommendation to the Board of Supervisors.

Summary: The Board of Supervisors approved the Policies / Procedures Update Project at their June 18, 2015 meeting. Moss Adams will present their final report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

11. For Possible Action: To schedule the next meeting of the Carson City Audit Committee.

12. **Public Comment** - The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

13. **For Possible Action: To Adjourn**

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Agenda Management Notice - Items on the agenda may be taken out of order; the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

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Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the responsible agency or the City Manager's Office. You are encouraged to attend this meeting and participate by commenting on any agendized item.

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Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the City Manager's Office in writing at 201 North Carson Street, Carson City, NV, 89701, or by calling (775) 887-2100 at least 24 hours in advance.

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To request a copy of the supporting materials for this meeting contact
Rachael Porcari at rporcari@carson.org or call (775) 887-2100.

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This agenda and backup information are available on the City's website at www.carson.org,
and at the City Manager's Office - City Hall, 201 N. Carson Street, Ste 2, (775) 887-2100.

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This notice has been posted at the following locations:
Community Center 851 East William Street
Public Safety Complex 885 East Musser Street
City Hall 201 North Carson Street
Carson City Library 900 North Roop Street
Community Development Permit Center 108 East Proctor Street

Date: March 16, 2016

A meeting of the Carson City Audit Committee was scheduled for 11:00 a.m. on Tuesday, November 17, 2015 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bertrand
                        Vice Chairperson William Prowse
                        Member Lori Bagwell
                        Member Donald Leonard

STAFF: Nancy Paulson, Chief Financial Officer
                        Sheri Russell, Deputy Chief Financial Officer
                        Jason Woodbury, District Attorney
                        Iris Yowell, Deputy District Attorney
                        Tamar Warren, Deputy Clerk

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Recording Secretaries Division of the Carson City Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (11:00:14) - Chairperson Bertrand called the meeting to order at 11:00 a.m. Ms. Warren called the roll; a quorum was present. Member Sanada was absent.

3.   PUBLIC COMMENTS AND DISCUSSION (11:00:32) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

4.   POSSIBLE ACTION ON APPROVAL OF MINUTES - June 3, 2015 (11:01:12) - Chairperson Bertrand entertained a motion to approve the minutes. **Vice Chairperson Prowse moved to approve the minutes. Member Leonard seconded the motion. Motion carried 4-0.**

5.   POSSIBLE ACTION ON ADOPTION OF AGENDA (11:01:32) - Chairperson Bertrand entertained a motion to adopt the agenda. **Member Bagwell moved to adopt the agenda. Vice Chairperson Prowse seconded the motion. Motion carried 4-0.**

6.   DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (11:01:47) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Mr. Steranka and Ms. Paulson responded to questions of clarification, and discussion ensued. Chairperson Bertrand entertained public comment; however, none was forthcoming.

7.   DISCUSSION AND POSSIBLE ACTION REGARDING MONITORING OF THE AUDIT FINDINGS RESPONSE TRACKING REPORT, AND POSSIBLE DIRECTION TO THE INTERNAL AUDITOR TO REPORT AND DISCUSS THE MONITORING WITH THE BOARD OF SUPERVISORS (11:27:21) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Mr. Steranka and Public Works Department Director Darren Schulz responded to questions of clarification. Extensive discussion took place with regard to the procedure for reporting to the committee and to the Board of Supervisors.

Deputy Parks and Recreation Department Director Scott Fahrenbruch responded to questions regarding the Community Facility Cost Recovery Study recommendation to "explore opportunities for sponsorship, fundraising, and advertising for the Theater." Additional discussion followed.

Chairperson Bertrand entertained public comment and, when none was forthcoming, a motion. **Member Bagwell moved to approve the Community Facility Cost Recovery Study; "except for items 7 and 8 will remain pending and the other 13 will be referred to the Board of Supervisors for final acceptance or action. Vice Chairperson Prowse seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

RESULT:	**Approved [4 - 0]**
MOVER:	**Member Lori Bagwell**
SECOND:	**Vice Chairperson Bill Prowse**
AYES:	**Member Bagwell, Vice Chair Prowse, Member Leonard, Chair Bertrand**
NAYS:	**None**
ABSENT:	**Member Mary Sanada**
ABSTAIN:	**None**

Chairperson Bertrand suggested that the Community Facility Cost Recovery Study - Eagle Valley Golf Course had been "resolved and taken care of." He entertained questions or comments and, when none were forthcoming, a motion. **Member Bagwell moved to close the Community Facility Cost Recovery Study for Eagle Valley Golf Course. Member Leonard seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

RESULT:	**Approved [4 - 0]**
MOVER:	**Member Lori Bagwell**
SECOND:	**Member Donald Leonard**
AYES:	**Members Bagwell, Leonard, Vice Chair Prowse, Chair Bertrand**
NAYS:	**None**
ABSENT:	**Member Mary Sanada**
ABSTAIN:	**None**

In response to a question, Chairperson Bertrand provided direction to Mr. Steranka with regard to the method by which to document the closed study.

Chairperson Bertrand entertained a motion relative to the Fleet Management Efficiency and Utilization Studies. **Member Bagwell moved to archive the Fleet Management Efficiency Study and the Fleet Utilization Study, as they've already been completed by the Board of Supervisors. Vice Chairperson Prowse seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

RESULT:	Approved [4 - 0]
MOVER:	Member Lori Bagwell
SECOND:	Vice Chairperson Bill Prowse
AYES:	Member Bagwell, Vice Chair Prowse, Member Leonard, Chair Bertrand
NAYS:	None
ABSENT:	Member Mary Sanada
ABSTAIN:	None

Chairperson Bertrand entertained questions or comments relative to the Employee Efficiency Study. City Manager Nick Marano responded to questions of clarification regarding the role of the Internal Finance Committee relative to filling vacancies for budgeted positions. Following discussion, Chairperson Bertrand entertained a motion. **Member Bagwell moved to accept the report on the Employee Efficiency Study and move it to the Board of Supervisors for final acceptance, with the exception of numbers 5, 10, and 14. Vice Chairperson Prowse seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

RESULT:	Approved [4 - 0]
MOVER:	Member Lori Bagwell
SECOND:	Vice Chairperson Bill Prowse
AYES:	Member Bagwell, Vice Chair Prowse, Member Leonard, Chair Bertrand
NAYS:	None
ABSENT:	Member Mary Sanada
ABSTAIN:	None

With regard to the Internal Controls Review, consensus of the committee was to defer action. Discussion took place with regard to the FY 2014 CAFR. Ms. Paulson advised of not yet having received the formal findings from the auditors for FY 2015; therefore, the departments have had no opportunity to provide responses. She responded to questions of clarification, and additional discussion followed. Consensus of the committee was to leave the FY 2014 CAFR open. Chairperson Bertrand entertained additional questions or comments; however, none were forthcoming.

8. DISCUSSION AND UPDATE REGARDING THE PROGRESS OF THE CITY'S PERFORMANCE MEASUREMENT IMPLEMENTATION (12:29:04) - Chairperson Bertrand introduced this item, and Business Development Manager Michael Salogga provided the update. He and Chief Information Officer Eric Von Schimmelmann responded to questions of clarification, and discussion followed. Chairperson Bertrand entertained public comment; however, none was forthcoming.

9. REPORT FROM VICE CHAIR WILLIAM PROWSE REGARDING HIS MEETING WITH EIDE BAILLY, THE CITY'S EXTERNAL AUDITORS (12:40:35) - Chairperson Bertrand introduced this item, and Vice Chairperson Prowse presented his report. Chairperson Bertrand thanked Vice Chairperson Prowse and entertained public comment. No public comment was forthcoming.

10. POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE AUDIT COMMITTEE (12:45:14) - Chairperson Bertrand introduced this item, and entertained discussion. Consensus of the committee was to schedule the next meeting for February 9th, meeting time to be

determined based on availability of the meeting room. A brief discussion took place with regard to the tentative agenda for the next meeting.

11.   **PUBLIC COMMENT** (12:52:29) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

12.   **ACTION TO ADJOURN** (12:52:36) - The meeting adjourned by mutual consent at 12:52 p.m.

The Minutes of the November 17, 2015 Carson City Audit Committee meeting are so approved this _____ day of March, 2016.

_____
     MICHAEL BERTRAND, Chair

Carson City Audit Committee
Agenda Report

Date Submitted: 03/10/2016   **Agenda Date Requested:** 03/22/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion, possible action, and direction to Staff regarding the current Audit Work Program Update.

Summary: Representatives from Moss Adams and City staff will be discussing and taking direction from the Audit committee regarding the current work program.

Type of Action Requested: (check one)
     (   ) Resolution   (   ) Ordinance
     (X) Formal Action/Motion   (   ) Other (Specify)

Does This Action Require A Business Impact Statement: (   ) Yes (X) No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Information to be provided from Moss Adams

Prepared By: Michael Bertrand, Chairman

Reviewed By: _____ Date: _____
                  (Chief Financial Officer)

Board Action Taken:

Motion: _____

                                              Member   Aye/Nay

                                    1) _____   _____

                                    2) _____   _____

                                    3) _____   _____

                                    4) _____   _____

                                    5) _____   _____

_____
    (Vote Recorded By)

MOSS-ADAMS LLP

Date: March 22, 2016

To: Carson City Audit Committee

From: Mark Steranka

Subject: Internal Audit Status Report January 1, 2016 through March 15, 2016

Schedule Status:

- Basic Internal Auditor Services: Ongoing
- Policy and Procedure Update: Project initiation August 2015, completion February 2016, followed by ongoing update activities
- Cash/Revenue Collection Improvement: Project initiation November 2015, projected completion April 2016
- P-Card and Payroll Testing: Project initiation March 2016, projected completion May 2016
- FWA Program Coordination: Ongoing

Budget Status through February 29, 2016:

- Basic Internal Auditor Services: Expended $2,800.00 of $10,000 budget.
- Policy and Procedure Update: Expended $29,884.27 of $35,000 budget.
- Cash/Revenue Collection Improvement: Expended $16,800.00 of $25,000 budget.
- P-Card and Payroll Testing: Expended $0.00 of $25,000 budget.
- FWA Program Coordination: Expended $700.00 of $5,000 budget.

Activities for this Reporting Period:

- Basic Internal Auditor Services: Continued to maintain Audit Findings Summary Report. Prepared report for Board of Supervisors to adopt completed findings.
- Policy and Procedures Update: Collected existing policies, compared policies to best practices, prepared a recommended table of contents for a citywide policy manual, and provided recommendations for completing citywide policies and streamlining associated processes.
- Cash/Revenue Collection Improvement: Performed onsite fieldwork, including interviews and walkthroughs and reviewed relevant documents.
- P-Card and Payroll Testing: Initiated scoping and scheduling discussions with the City.
- FWA Program Coordination: Received three reports, including two not relevant to the City and one currently being reviewed with the Audit Committee Chair.

MOSS-ADAMS LLP

Activities for the Next Reporting Period:

- Basic Internal Auditor Services: Continue to attend meetings and continue to maintain Audit Findings Summary Report.
- Policy and Procedures Update: As requested, provide support to departments for policy development and update.
- Cash/Revenue Collection Improvement: Prepare materials to strengthen cash handling processes and procedures.
- P-Card and Payroll Testing: Perform sampling and testing.
- FWA Program Coordination: Continue to monitor the hotline and respond to reports as appropriate.

Issues:

- none

Carson City Audit Committee
Agenda Report

Date Submitted: 03/10/2016   **Agenda Date Requested:** 03/22/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and possible action regarding the monitoring, review and closure of internal audit findings included in the Audit Findings Tracking Report and provide recommendations to the Board of Supervisors for closure of completed projects.

Summary: Representatives from Moss Adams and City staff will discuss the monitoring, review and closure of internal audit findings included in the Audit Findings Tracking Report.

Type of Action Requested: (check one)
     (   ) Resolution   (   ) Ordinance
     (X) Formal Action/Motion   (   ) Other (Discussion Only)

Does This Action Require A Business Impact Statement: (   ) Yes (X) No

Recommended Committee Action: Will depend on the discussion.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Internal Audit Findings Response Tracking Report

Prepared By: Michael Bertrand, Chairman

Reviewed By: _____   Date: _____
                                (Chief Financial Officer)

Board Action Taken:
Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

_____
   (Vote Recorded By)

Carson City - Audit Findings Tracking Summary Report (revised 03-11-16)

Report Name	Report Submittal	BOS Report Approval	Plan to Implement	Reporting Entity	Report Findings	Completed Findings	AC Approval	BOS Approval	Notes
Community Facility Cost Recovery Study	11/28/2012	1/17/2013		Internal Auditor	15	13	11/17/2015	3/17/2016	13 finding moved to archive
Fleet Management Efficiency Study	6/22/2013	7/18/2013	6/5/2014	Internal Auditor	24	24	11/17/2015	3/19/2015	24 findings moved to archive
Fleet Utilization Study	1/30/2014	4/3/2014	6/5/2014	Internal Auditor	12	12	11/17/2015	3/19/2015	12 findings moved to archive
Employee Efficiency Study	11/25/2014	12/4/2014	2/9/2015	Internal Auditor	27	24	11/17/2015	3/17/2016	24 findings moved to archive
Internal Controls Review	3/31/2015	6/4/2015		Internal Auditor	41	7			
FY 2014 CAFR	12/18/2014	12/18/2014	12/18/2014	External Auditor	5	5		12/18/2014	move to archive after AC approval
FY 2015 CAFR	12/17/2015	12/17/2015	12/17/2015	External Auditor	5	5		12/17/2015	move to archive after AC approval
Total					139	94			

Legend:

Report Submittal = date report submitted to City

BOS Report Approval = date report adopted by BOS

Plan to Implement = date implementation plan presented by management to BOS

Reporting Entity = organization that prepared the report

Report Findings = number of findings in the report

Completed Findings = number of findings completed by management

AC Approval = Audit Committee approval of completed findings

BOS Approval = Board of Supervisors approval of completed findings

Costs to Implement = any costs incurred by the City to complete findings

Potential Savings = minimum potential savings identified in the report

Actual Savings = actual savings achieved by the City by completing the findings

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
7	1/17/2013	Yes, specify direction	IV.B.4	Question 18 funds would be available to support Theater operations if planned capital improvements were made.	Determine how to leverage Question 18 funds to make capital improvements and unlock operations funding.	Parks and Recreation, Finance	Parks and Recreation Director, Finance Director	Q18 revenues are still below 2008 levels, however the city has earmarked $500,000 for Community Center improvements from the 1/8th cent program. This project is scheduled for 2017. Staff will be working with the public to determine needs and developing an action plan. Q18 will be used to augment the capital improvements.	$ 75,000		P	2017		
8	1/17/2013	Yes, specify direction	IV.B.5	The Theater does not have dedicated marketing or booking support.	Investigate the feasibility of employing a dedicated marketing and booking staff member to manage and promote Theater reservations.	Parks and Recreation	Parks and Recreation Director, Recreation Operations Manager	The current staffing level has precluded employing a dedicated marketing staff. Booking is currently handled thru the department reservationist and the Theater manager. Staff is looking into online marketing, booking and ticketing programs.	TBD		P	2016		Ticketing and marketing in the past has been the responsibility of the event. WNC provides their own ticketing as does the school district for their programs. The Community Center does market events held in the Community Center with its new digital reader board located in front of the facility. Staff is interested in whether an online marketing/ticketing program will be advantageous and what the cost may be.

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
5	12/4/2014	Yes, specify direction	5	The City does not fully leverage technology to optimize customer service efficiency and effectiveness.	Develop an IT Strategic Plan with a focus on how to leverage technology to develop more efficient workflows, provide more cost-effective customer service, and more efficiently utilize the IFC Technology Governance Committee.	Citywide	City Manager	The IT Director has been tasked with proposing a Strategic Planning framework to the Technology Governance Committee for its review and guidance regarding next steps.			N	6/30/2017		IT will put in a supplemental request for the FY 17 budget to hire a consultant to develop an IT strategic plan.
10	12/4/2014	Yes, specify direction	10	The City lacks a communications function or policy.	Assign a Public Information Officer responsibility to an existing resource, develop a media and communications policy, and train staff accordingly.	CMO	City Manager	The Business Development Manager will further develop communication strategies and procedures. In the event of an emergency, the City has trained PIOs.			P		11/1/2016	Communication function assigned to Business Development Manager. In the process of hiring a part-time Social Media Analyst. Department Directors to act as PIOs as required.
14	12/4/2014	Yes, specify direction	14	The Procurement and Contracting function lacks the necessary capacity to meet citywide needs.	Allocate one additional FTE to the Purchasing Division of the Finance Department, and issue the updated Purchasing and Contracts Policy and Procedure.	Finance	Finance Director	Due to budgetary constraints, we do not think it is possible to add another FTE at this time. We will issue the updated Purchasing and Contracts Policy Procedure Manual to department within the month.			P	12/31/2015		The updated Purchasing and Contracts Policies and Procedures manual is in the final review stages and will be uploaded to Policy Tech after all reviews have been competed.

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
1	6/4/2015	Yes, specify direction	A1	The departments' review of accumulated hours reported in HTE is not documented and thus may not be performed consistently, which results in the risk of hours not being accumulated and reported accurately.	Implement City-wide policies and procedures regarding timekeeping. Provide training to supervisors and managers about duties related to timekeeping. Use Finance staff or internal audit resources to perform periodic monitoring of departmental processes and controls related to review of accumulating and reporting hours accurately.	Finance	Chief Financial Officer	The Finance Department created a document titled "Payroll Procedures" that outlines the duties and responsibilities of each department involved in the payroll process. After approval, this will be uploaded to Policy Tech. It would be difficult to make the City-Wide policy more specific due to the different methods of timekeeping used by City Departments (Telestaff, time clock) and the various employee contracts. Moss Adams will be testing the payroll process as part of their FY 15-16 Internal Audit Plan.			Y	6/30/2016	March-16	
2	6/4/2015	Yes, specify direction	A2	Reviewing hours recorded in HTE is a high-level manual process and is subject to human error.	Implement random audits of paper timesheets for completeness and accuracy assurance. Use finance staff or internal audit resources to perform the random audits. Explore options for programming additional reports or queries to assist in assuring accuracy and quality of timekeeping and payroll information.	Finance	Chief Financial Officer	The Finance Department currently maintains approximately 20 spreadsheets that are used to verify payroll. A spreadsheet is also utilized to compile the monthly PERS report which serves as another verification of timekeeping accuracy. Moss Adams will be testing the payroll process as part of their FY 15-16 Internal Audit Plan.			P	6/30/2016		
3	6/4/2015	Yes, specify direction	A3	Other than the agreements with each bargaining unit, the City does not have City-wide policies regarding overtime usage.	Establish a City-wide policy on overtime, including the general authorization process. Specify exceptions by department or situation, as necessary. Create procedures and guidelines for Payroll to follow in assessing the reasonableness of overtime.	Finance / HR	Chief Financial Officer / Human Resources Director	Currently, there is an overtime policy in Policy Tech. We are in the process of reviewing and updating that policy.			P	12/31/2015		

Carson City
Internal Controls Review

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
4	6/4/2015	Yes, specify direction	A4	The Fair Labor Standards Act (FLSA) calculations are minimally reviewed, and the Payroll Division relies on an Excel spreadsheet to calculate and track complex FLSA compliance requirements.	Implement processes to reduce risk of errors, including performing additional periodic reviews of the FLSA spreadsheet, incorporate formulas into the spreadsheet, and restrict editing. Explore opportunities to automate FLSA calculations to eliminate the manual process. Alternately, incorporate a review step by an accounting manager or the Deputy Finance Director into the existing process.	Finance	Chief Financial Officer	The Finance Department is continually looking into ways to make the payroll process more efficient including the automation of FLSA calculations. Until we can fully automate this process, the Payroll Administrator will continue to perform the calculations and they will be reviewed each pay period by an Accounting Manager.			Y		7/1/2015	
5	6/4/2015	Yes, specify direction	A5	The documentation of payroll processes and procedures is insufficient and not current.	Continue efforts to revise existing policies and procedures to more comprehensively document the accuracy assurance functions of Payroll. Update City-wide policies regarding timekeeping to remove sections that are not relevant and add instructions for departments about how to effectively review timesheets and hours proofs, as well as document their review.	Finance	Chief Financial Officer	The Finance Department has updated the "Pay Period Processing Procedures" to be followed by the Payroll Administrator. This will be uploaded to Policy Tech for Finance Department use only. Also, the Finance Department created a document titled "Payroll Procedures" that outlines the duties and responsibilities of each department involved in the payroll process. After approval, this will be uploaded to Policy Tech.			Y		March-16	

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
6	6/4/2015	Yes, specify direction	A6	Department supervisor training and experience with overtime rules and regulations is insufficient, which could result in instances of non-compliance with payroll laws.	Create written guidance, applicable citywide, for supervisors and managers regarding overtime rules and regulations. Incorporate the topic of overtime into training for new supervisors and managers. Provide training to existing supervisors and managers in departments with higher numbers of part-time employees, such as Parks and Recreation.	Finance / HR	Chief Financial Officer / Human Resources Director	Currently, there is an overtime policy in Policy Tech. We are in the process of reviewing and updating that policy based on recent contract changes.			P		12/31/2015	
7	6/4/2015	Yes, specify direction	A7	Part-time employees do not have schedules established within the Payroll system resulting in ineffective tracking of potential overpayments and potential incurrence of unauthorized overtime.	Explore options to provide Payroll staff with additional information about part-time employees such as incorporating additional information into the Payroll profile or developing and maintaining another centralized file for part-time employees, including average hours per week and maximum authorized hours per week.	Finance	Chief Financial Officer	Part-time employees work all different schedules and hours per week making it difficult to establish a set schedule in the payroll system. They are allowed to work a maximum of 1039 hours per fiscal year which is tracked in a report run each pay period by Finance and sent to the various departments for review. The "Payroll Procedures" document will be updated to add additional procedures to verify part-time employee hours at the department level.			Y	12/31/2015	March-16	
8	6/4/2015	Yes, specify direction	A8	There are not adequate centralized controls in place to prevent terminated employees from continued payroll payments subsequent to termination.	Implement random audits of paper timesheets for completeness. Policies and procedures should include guidance to departments about how to adequately review the hours proof report, including the detection of payment for terminated employees.	Finance	Chief Financial Officer	The Finance Department created a document titled "Payroll Procedures" that outlines the duties and responsibilities of each department involved in the payroll process. After approval, this will be uploaded to Policy Tech. Moss Adams will be testing the payroll process as part of their FY 15-16 Internal Audit Plan.			Y	12/31/2015	March-16	

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
9	6/4/2015	Yes, specify direction	B1	Some departments circumvent the existing purchasing processes and avoid centralized review prior to purchase, which could result in the City not receiving competitive prices for goods and services.	Develop and implement an enforcement system, for individuals who violate the City-wide purchasing policies. Include information about this enforcement system in the Purchasing and Contracts Policy under development as well as update the Purchasing Card Policy. Conduct a training course to refresh employees' understanding of purchasing policies and include changes within the new Purchasing and Contracts Policy.	Finance	Chief Financial Officer	The updated Purchasing and Contracts Policies and Procedures manual is in the final review stages and will be uploaded to Policy Tech after all reviews have been competed.			Y	12/31/2015	January-16	
10	6/4/2015	Yes, specify direction	B2	There are inadequate controls in place to ensure compliance with purchasing policies, verify reasonable pricing, or ultimately prevent fraudulent usage related to p-cards.	Establish roles and responsibilities for p-card transactions, review within the Finance Department, and document them in the P-card Program Manual or Finance Department policies and procedures.	Finance	Chief Financial Officer	The Finance Department currently has an internal policy that outlines the procedures Finance performs in reviewing p card transactions. Also, the Procurement Card Program Manual has been updated to outline the roles and responsibilities for p-card transactions.			Y		2/3/2015	
11	6/4/2015	Yes, specify direction	B3	There are not strong controls in place to ensure that all purchases made with City funds are reasonable, appropriate, and in compliance with the City's purchasing policies.	As part of the internal audit work plan, design and implement a program to perform random reviews or spot checks of purchases to determine if goods and services are properly procured. Transition program to Purchasing to perform future reviews or spot checks. Review and update Accounts Payable policies and procedures.	Finance	Chief Financial Officer	The updated Purchasing and Contracts Policies and Procedures manual is in the final review stages and will be uploaded to Policy Tech after all reviews have been competed.			Y	12/31/2015	January-16	

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12	6/4/2015	Yes, specify direction	B4	The Purchasing and Contracts Policy, created by the Finance Department, was still in draft form at the time of this review.	Update the draft Purchasing and Contracts Policy to include a clause that restricts IT purchases within departments without first consulting the IT Department or gaining approval from the IT Department. Finalize and distribute the Purchasing and Contracts Policy to all City departments.	Finance	Chief Financial Officer	The updated Purchasing and Contracts Policies and Procedures manual is in the final review stages and will be uploaded to Policy Tech after all reviews have been competed. This policy will include a section on "Technology Purchases".			Y	12/31/2015	January-16	
13	6/4/2015	Yes, specify direction	B5	Aggregated vendor payments across all purchasing vehicles are not monitored to ensure compliance with purchasing policies.	Review and document the current process for monitoring cumulative vendor payments. Continue to explore opportunities, such as implementation of a new p-card module, to strengthen this control by developing a process to periodically monitor cumulative payments made to vendors regardless of the purchasing vehicle used.	Finance	Chief Financial Officer	The updated Purchasing and Contracts Policies and Procedures manual is in the final review stages and will be uploaded to Policy Tech after all reviews have been completed. This policy will include provisions for monitoring purchases by vendor on a quarterly basis.			Y	12/31/2015	January-16	
14	6/4/2015	Yes, specify direction	B6	P-cards are not consistently and immediately deactivated upon employee termination of employment with the City, which could result in employees making unauthorized purchases after they are terminated.	Coordinate communications on voluntary terminations between the Human Resources Department and Purchasing, so that terminations are communicated in a timely manner. Discontinue practice of postponing card deactivation. Incorporate this change in written policies and procedures.	Finance	Chief Financial Officer	The Procurement Card Program Manual has been updated to outline the procedures that should be followed at the department level upon employee termination of employment. The Finance Department has also added a procedure to run monthly employee termination reports to ensure that p-cards have been deactivated.			Y	12/31/2015	March-16	

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15	6/4/2015	Yes, specify direction	B7	The segregation of duties between accounts payable and vendor establishment functions is insufficient.	Segregate all duties involving the establishment of new vendors to distinct positions not otherwise involved in Accounts Payable or Accounting.	Finance	Chief Financial Officer	The employees in the Finance Department that would have the appropriate knowledge for adding a vendor (i.e.. 1099 reporting requirements) are involved in accounts payable or accounting. Finance is in the process of developing a procedure in order to monitor new vendors.			N	12/31/2015		
16	6/4/2015	Yes, specify direction	B8	The process for updating the list of p-card holders has not been documented, and no comprehensive review of this list is regularly performed.	Document the process for verifying cardholders, including the schedule for performance and mechanism for ensuring performance. Implement and document process for regular comprehensive reviews of cardholders.	Finance	Chief Financial Officer	The Procurement Card Program Manual has been updated to add a procedure for Finance to send a list of cardholders to the departments on an annual basis. The departments will be required to review the information, make any changes and return a signed copy to the Finance Department.			Y		10/27/2015	
17	6/4/2015	Yes, specify direction	C1	The City lacks internal controls related to their grant program to ensure integrity and effectiveness in meeting program objectives.	Pay grant recipients and monitor and report grant activities on a quarterly basis. Develop a formal grant agreement, including performance expectations and consequences for failure to perform. Establish a formal process to report and review possible conflicts of interest for all parties involved in the review and award process for the CSSG program.	Finance	Chief Financial Officer	The Grants Administrator has facilitated several workgroup meetings in an effort to improve the Community Support Services Grant Program (CSSG) processes.			Y	1/31/2016	February-16	
18	6/4/2015	Yes, specify direction	C2	The City lacks a dedicated Grants Coordinator position that is responsible for the oversight of all grants City-wide, and Finance's overall role in grants management is limited.	Consider establishing a dedicated Grants Coordinator position within the Finance Department that is charged with overall grant oversight.	Finance	Chief Financial Officer	A Grants Administrator position has been established in the Finance Department.			Y		7/24/2015	

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19	6/4/2015	Yes, specify direction	C3	The grants administration policy is not comprehensive and has not been updated since April 2011. As a result, the policy does not reflect the changes in Uniform Grant Guidance, which became effective in December 2014.	Review and update the grants administration policy to include current Uniform Grant Guidance, clarification of the Grants Administrator role, and responsibility for reporting requirements.	Finance	Chief Financial Officer	An updated Grants Policies and Procedures Manual is currently under review and will be uploaded to Policy Tech when final reviews are complete.			P	3/31/2016		
20	6/4/2015	Yes, specify direction	C4	Employees responsible for monitoring grant compliance may not receive adequate information to accurately manage and track compliance with grant requirements.	Provide specific internal and/or external training to all employees in departments responsible for monitoring grants. Dedicate a training budget that is adequate to cover such costs.	Finance	Chief Financial Officer	The Grants Administrator is currently developing a plan to provide training to various departments that have employees who are responsible for monitoring grants. This process will begin after finalization of the updated Grants Policy and Procedures Manual. Most employees who work on federal grant programs have had access to external training programs. Many times this is provided for in the grant award.			P	6/30/2016		
21	6/4/2015	Yes, specify direction	D1	The City is at risk that revenue is not completely and accurately recorded due to evidence of control weaknesses and process issues within individual departments and offices, as well as recent fraud.	Perform risk-based City-wide Cash Handling and Revenue Audits as part of the internal audit work program.	Treasurer / Finance	Treasurer / Chief Financial Officer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
22	6/4/2015	Yes, specify direction	D2	Cash controls at remote collection sites are not periodically monitored and tested to ensure they are in place, properly designed, and operating in accordance with management objectives.	Periodically test cash controls at those sites within the City that collect cash to ensure that employees are adhering to City policies and procedures.	Treasurer / Finance	Treasurer / Chief Financial Officer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		

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23	6/4/2015	Yes, specify direction	D3	Money is not transported safely between City locations.	Consider a contract with an armored vehicle company for both daily City deposits and Parks and Recreation cash transport or implement additional safety controls.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
24	6/4/2015	Yes, specify direction	D4	Multiple employees share one cash till in certain locations.	Whenever possible, implement separate cash tills for each employee.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
25	6/4/2015	Yes, specify direction	D5	Within some departments, cash is held on-site and not deposited in a timely manner, despite the daily pick-up of deposits by a courier.	Implement processes to deposit cash daily.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
26	6/4/2015	Yes, specify direction	D6	Employees that are involved in the handling of cash, preparation of deposits, entry of deposit information, and the supervision of employees that perform these duties do not receive periodic cash handling training.	Determine which positions (employees) should receive cash handling training based on their job duties or supervisory responsibilities, and provide training.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
27	6/4/2015	Yes, specify direction	D7	Cash is not stored securely at certain locations, which results in the risk of misappropriation	In conjunction with the recommendations associated with the Revenue and Cash Collections 2 through 5 control objectives, securely store cash.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
28	6/4/2015	Yes, specify direction	D8	Within Parks and Recreation, the employee responsible for preparing the deposit can also make adjustments within the ActiveNet system.	Segregate the deposit preparation duties across two employees, so that one employee prepares the deposit and another employee makes entries into ActiveNet.	Treasurer	Treasurer	Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		

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29	6/4/2015	Yes, specify direction	D9	Departments do not consistently monitor revenue trends on month-to-month, year-to-year, or other comparative time periods.	Implement processes for departments to consistently monitor revenue accounts for variation that may warrant investigation.	Finance	Chief Financial Officer	Departments are notified by Finance each month when the month has closed and they are able to run and review accounting reports. Most departments are involved in developing and/or reviewing revenue projections during the annual budget preparation process and twice a year when budget augmentations are compiled.			Y		7/1/2015	
30	6/4/2015	Yes, specify direction	D10	The City's Cash Handling Policy is out of date and is not well known by employees that handle cash throughout the City.	Update the City's Cash Handling Policy and train departments on the updated policy.	Treasurer	Treasurer	The Treasurers Office is in the process of updating the City's cash handling policy. Also, Moss Adams will be performing a cash handling / revenue collection improvement project as part of their FY 15-16 Internal Audit Plan.			N	6/30/2016		
31	6/4/2015	Yes, specify direction	E1	While a training program exists to provide mandated courses, such as sexual harassment prevention, the programs do not address internal controls and how to prevent and detect fraud, waste, and abuse.	Provide annual training to all employees on internal controls and fraud prevention.	HR / Finance	Chief Financial Officer / HR Director	The Finance Department will work with HR to research training programs that would be available to City employees on an annual basis.	TBD		N	6/30/2016		
32	6/4/2015	Yes, specify direction	E2	The City lacks documented comprehensive and up-to-date processes and procedures.	Document key processes and procedures and make timely updates for changes.	City-wide	City-wide	Moss Adams is currently performing an inventory of all City policies / procedures as part of the policies / procedures update portion of the FY 15-16 Internal Audit Plan.			P	6/30/2016		

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33	6/4/2015	Yes, specify direction	F1	Departments are circumventing the standard process for making IT purchases.	Adopt restrictive language and controls for departmental technology purchases that do not involve the IT Department. Develop template forms, with validating budgetary and departmental information, for departmental use in requesting IT products for acquisition consideration by the Technology Governance Committee. Examine opportunities to streamline the IT Department's involvement in technology purchases such as establishing standardized approved items.	IT / Finance	Chief Information Officer / Chief Financial Officer	Purchasing and contracts policies and procedures have been updated to include a section on "Technology Purchases". It includes a brief overview and a reference to the "Technology Purchasing Policy" that is being developed by the Information Technology Department. IT will propose a "Technology Purchasing Policy" to the Technology Governance Committee. As part of that policy proposal, IT will suggest appropriate forms and approved standard items.			P	6/30/2016		Policy being written and will be taken to TGC in April 16.
34	6/4/2015	Yes, specify direction	F2	New hires do not receive training or ongoing communication regarding IT issues.	Expand written information provided to new employees and include the IT Department in the training of new employees. Implement a process to regularly communicate ongoing IT issues with users.	IT / HR	Chief Information Officer / HR Director	IT will be rewriting the computer usage policy. IT and HR are working together to provide training during new hire orientation.			P	4/30/2016		Put Computer usage policy in Policy Tech by 3/31/16 and have IT staff present at new hire orientations to go over IT policys
35	6/4/2015	Yes, specify direction	F3	There is weak governance over IT administration as evidenced by the lack of City-wide IT standards or robust policies and procedures to govern the acquisition and use of technology.	Continue convening the Technology Governance Committee, and adopt City-wide IT policies and standards.	IT	IT	IT will be writing a new policy regarding technology acquisitions and take to TGC for approval.			N	6/30/2016		Same a #33

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36	6/4/2015	Yes, specify direction	F4	Some employees who use City technology and access the network are not full-time City employees and thus have not completed a computer user agreement. In particular, temporary staff from staffing agencies and volunteers, including those working for the Sheriff's Office, are not currently required to complete this form.	Expand the applicability of the usage agreement to require all personnel who use City technology and/or access the City's network to review and sign the computer use policy.	IT / HR	Chief Information Officer / HR Director	IT will be rewriting the computer usage policy and include part time and volunteer staff. IT will take to TGC for approval.			N	4/30/2016		If staff goes through new hire orientation then they get policy. No need to specify volunteer and part time staff. This will be completed with #34
37	6/4/2015	Yes, specify direction	F5	Ongoing monitoring of network activity on software applications, as well as the Internet, is not occurring.	Continue current efforts to research a product to replace the web filtering tool, and reinstitute regular reviews of web filter activity. Resume periodic reviews of software audit logs. Create policies and procedures to document the monitoring of web filters and software audit logs, and cross-train multiple staff members to ensure continuity of those functions. Develop a plan to deter and resolve inappropriate usage of technology.	IT	IT	IT is working on purchasing and installing security appliance and software to accomplish these goals.	$ 23,000		P	6/30/2016		Ordered equipment and have a contractor scheduled to intall by 6/30/16
38	6/4/2015	Yes, specify direction	F6	There is no control in place to ensure that access to decentralized technology resources is promptly deactivated.	Develop a process to maintain or monitor technologies used by departments to ensure access to technology resources is appropriately deactivated upon employment termination.	IT	IT	We are now notified by HR as soon as employees are terminated and we remove all account access.			Y		7/1/2015	

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39	6/4/2015	Yes, specify direction	F7	The City's computers are currently not restricted by time lock settings. Without this setting, unauthorized users can access network resources and data related to City operations.	Pending the Technology Governance Committee's approval, implement time lock settings to prevent unauthorized access to network resources and information. Revise the computer use policy to include the physical security of assets, and communicate changes in policy to employees.	IT	IT	IT has written a new confidential data policy and taken to TGC for approval. IT will be distributing via policy tech. Once policy is distributed we will activate the session locks.			P	3/31/2016		Policy was approved in September 2015. IT needs to verify this has been sent to all users via Policy Tech.
40	6/4/2015	Yes, specify direction	F8	The security of computer files is not being adequately ensured. In particular, some portable storage devices, such as flash drives or external hard drives, are not protected. Also, drives are not always wiped of all information between uses.	Incorporate data and file security into IT training materials provided to all users. Install encryption on all portable storage devices. Regularly wipe data from devices between uses. Create City-wide policies regarding the backup of data by departments and individual employees.	IT	IT	IT has written a new confidential data policy that covers these items. This has been taken to TGC for approval. IT will be distributing via policy tech.			P	3/31/2016		Policy was approved in September 2015. IT needs to verify this has been sent to all users via Policy Tech.
41	6/4/2015	Yes, specify direction	F9	The IT Department does not currently have an intrusion detection system.	Garner support from IT Governance Committee to advocate funding of system. Select and implement an intrusion detection system as soon as funding is available.	IT	IT	IT is working on purchasing and installing security appliance and software to accomplish these goals.	$ 23,000		P	6/30/2016		Same as # 37
42	6/4/2015	Yes, specify direction	F10	The City has not tested the recently implemented disaster recovery plan to ensure that it works as intended.	Test the disaster recovery plan. Following the test, conduct trainings or revisions to the plan as necessary.	IT	IT	IT tests, restores and revises the plan as necessary.			Y		7/1/2015	

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1			2014-01	Public Works employees do not consistently identify Federal programs on their timecards when entering hours for projects funded by Federal Transit Cluster awards.	Implement procedures to ensure the documentation of time and effort by all employees is adequate to support salary and benefit charges to the Federal Transit Cluster.	Public Works	Transp. Manager	The City will develop a timesheet that includes an area for the employee to sign, date, and identify the federal program to which their time is being billed. Timesheets will be kept on a file for at least three years.			y		2/1/2015	
2			2014-02	The Public Works Department did not report the amount of program income used to reduce the federal share of project costs on the SF-425 Federal Financial Reports for the Federal Transit Cluster	Enhance procedures for preparation of the SF-425 reports to ensure the reports include all required information prior to submission.	Public Works	Transp. Manager	The City will reflect the program income required by the federal awarding agency on the FS-425 Federal Financial Report.			Y		4/7/2015	
3			2014-03	City employees do not consistently identify Federal programs on their timecards when entering hours for activities related to the Prevention and Public Health Fund Affordable Care Act - Immunization Program and the National Bioterrorism Hospital Preparedness Program.	Implement procedures to ensure the documentation of time and effort by all employees is adequate to support salary and benefit charges to the Prevention and Public Health Fund Affordable Care Act - Immunization Program and the National Bioterrorism Hospital Preparedness Program.	Health and Human Services	Dept. Director	The City will develop a procedure for documenting time and effort of employee work reflecting an after-the-fact distribution of the actual activity.			Y		2/23/2015	
4			2014-04	The Health and Human Services Department submitted SF-425 Federal Financial Reports for the Family Planning - Services program for which the recipient share of actual cash disbursements did not agree to the underlying accounting records and the cumulative amount of transactions was not reported on Line 10.	Enhance procedures to ensure that financial amounts included in SF-425 reports are complete and supported by the underlying accounting records.	Health and Human Services	Dept. Director	The City will verify that the cumulative amounts from grant reception, cash disbursements, and program income balance with the supported actual accounting records using an existing spreadsheet prepared by the Grant Analyst, and the Clinical Services Manager will sign off quarterly on the SF-425 report.			Y		2/23/2015	

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5			2014-05	The Health and Human Services Department allocated costs, including equipment and vehicle costs, to the National Bioterrorism Hospital Preparedness Program that did not constitute allowable matching contributions.	Implement procedures to ensure that amounts used for matching contributions for the National bioterrorism Hospital Preparedness Program are reviewed to ensure they are necessary and reasonable for the proper and efficient accomplishment of the program's objectives.	Health and Human Services	Dept. Director	The City will use the following General Fund categories as matching contributions: personnel, power, heating, fax/DSL line and equipment repair and maintenance costs, as well as an allocated portion of City grant employees and MRC volunteers.			Y		2/23/2015	

Carson City
FY 2014 CAFR

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1			2015-A	The internal controls in place over the preparation of data provided to the actuary were not operating effectively and did not ensure accurate data was provided.	Recommend City enhance the operating effectiveness of the internal controls over the preparation of data provided to the actuary who calculates the post-employment health care liability to ensure an accurate estimate is calced.	Finance	CFO	Finance will run a report of all group plans to ensure that no employees are excluded from the information provided to the actuary.			Y		January 16	
2			2015-001	Davis-Bacon Provisions: although certified payrolls were received, it was noted in several instances that the payrolls were submitted more than 1 week after the end of the weekly payroll and there was no documentation available of communication with the contractors to support efforts to ensure future reports would be submitted timely.	Recommend that the Carson City Public Works Department enhance procedures to ensure that certified payrolls are received as required by the Davis-Bacon Act.	Public Works	PW Director	The current Public Works Department procedure for enforcing compliance is as follows: Verbal reminder at preconstruction meeting of Davis-Bacon requirements. Verbal warning for late submittals. Written documentation to contractor reminding them of the requirements. Coordinate with State or Federal representatives which may include withholding payment. The verbal warning procedure has been updated to include documentation of verbal warning.			Y		March 2016	
3			2015-002	City employees do not consistently identify Federal programs on their timecards when entering hours for activities related to the National Bioterrorism Hospital Preparedness Program.	Implement procedures to ensure the documentation of time and effort by all employees is adequate to support salary and benefit charges to the National Bioterrorism Hospital Preparedness Program.	Health and Human Services	Dept. Director	Carson City Health and Human Services has a procedure in place for documenting time and effort of employees' work, reflecting an after the fact distribution of actual activity. This finding was related to a Fire Department employee. The procedures will be revised to include a process for employees outside the department to certify their time.			Y		12/21/2015	

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4			2015-003	Public Works employees do not consistently identify Federal programs on their timecards when entering hours for projects funded by Federal Transit Cluster awards.	Implement procedures to ensure the documentation of time and effort by all employees is adequate to support salary and benefit charges to the Federal Transit Cluster.	Public Works	Transp. Manager	The City has taken corrective action by developing a timesheet that includes an area for the employee to sign, date, and identify the federal program to which their time is being billed. Timesheets will be kept on file for at least three years. Implementation of this finding did not occur until part way through FY 15, as a response to a finding in FY 14 and explains why this finding was present again in FY 15.			Y		2/1/2015	
5			2015-004	The Health and Human Services Department submitted SF-425 Federal Financial Reports for the Family Planning - Services program for which there was no evidence that the report was reviewed by an appropriate individual prior to the submission of the reports to the federal granting agency.	Enhance internal controls to ensure that submitted SF-425 reports are complete, accurate and supported by the underlying accounting records.	Health and Human Services	Dept. Director	Carson City Health and Human Services will revise the current SF-425 policy to include a process where the Clinical Services Division Manager reviews and signs all SF-425 reports and any backup documenation used to prepare the SF-425.			Y		March 16	

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Carson City Audit Committee
Agenda Report

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Date Submitted: 03/10/2016   **Agenda Date Requested:** 03/22/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and possible action to adopt policies and procedures for audit findings administration.

Summary: Moss Adams has prepared policies and procedures for audit findings administration to provide guidance to the Audit Committee regarding the tracking, review, and closure of audit findings.

Type of Action Requested: (check one)
    (   ) Resolution   (   ) Ordinance
    (X) Formal Action/Motion   (   ) Other (Discussion Only)

Does This Action Require A Business Impact Statement: (   ) Yes (X) No

Recommended Committee Action: Will depend on the discussion.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: CCMC Chapter 2.14

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Audit Findings Administration Policy.

Prepared By: Michael Bertrand, Chairman

Reviewed By: _____   Date: _____
                                          (Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

_____
(Vote Recorded By)

MOSS-ADAMS LLP

Date: March 22, 2016

To: Carson City Audit Committee

From: Mark Steranka

Subject: Audit Findings Administration Policy and Procedures

Purpose:
To provide guidance to the Audit Committee regarding the tracking, review, and closure of audit findings.

Background:
One of the roles and responsibilities of the City's Audit Committee is to determine when findings have been corrected by the City. Findings and associated recommendations can be prepared by the City's external and internal auditors, as well as outside entities such as the State of Nevada. Findings and recommendations are documented in formal reports, letters, and other forms of deliverables to the City. The City's Internal Auditor works with City management to track these findings and recommendations in an Audit Findings Tracking Report.

The Internal Auditor records the findings and recommendations, name of the source document, date the report was submitted to the City, and date the Board of Supervisors adopted the report. City management records the remediation plan to correct each finding, status of remediation actions, and date corrective actions were completed.

Policy:
The Audit Committee shall regularly review the Audit Findings Tracking Report to:

- Keep abreast of the status of audit findings;
- Understand what actions the City is taking to correct audit findings;
- Ensure the City is making adequate progress to correct audit findings;
- Receive indication regarding which findings the City believe it has corrected;
- Determine if the City adequately corrected findings and should be closed; and
- Recommend adoption of completed findings to the Board of Supervisors.

As needed, the Audit Committee may request input from City management to explain actions taken to correct findings and demonstrate how those actions corrected the findings. The Audit Committee may also request input from other parties, such as the entities that generated the findings, to gain their perspective on the adequacy of City actions to correct findings.

MOSS-ADAMS LLP

Procedures:

In order to close a finding, the following steps shall be taken by the Audit Committee:

- Review information contained in the Audit Findings Tracking Report and input from City management or other parties to identify findings that have been reported as corrected;
- Take formal voting action to designate findings as corrected and recommend them for adoption by the Board of Supervisors;
- Prepare an Audit Findings Tracking Report for the Board of Supervisors that identifies those findings designated for closure; and
- Upon adoption by the Board of Supervisors to close findings, move those findings to an "Archive" tab of the Audit Findings Tracking Report.

Subject: Audit Findings Tracking Administration Policy		Reference Number:
Issue Date: 03-22-16	Effective Date:	Revision Dates:

Carson City Audit Committee
Agenda Report

Date Submitted: 03/10/2016   **Agenda Date Requested:** 03/22/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and Possible action to update procedures for the Fraud Waste and Abuse (FWA) Program (including the Hotline Program) to include a procedure for the Audit Committee Chairman to review complaints before they are considered closed.

Summary: Representatives from Moss Adams will discuss updating procedures for the Fraud Waste and Abuse (FWA) Program (including the Hotline Program).

Type of Action Requested: (check one)
      (   ) Resolution   (   ) Ordinance
      (X) Formal Action/Motion   (   ) Other (Discussion Only)

Does This Action Require A Business Impact Statement: (   ) Yes (X) No

Recommended Committee Action: Will depend on the discussion.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Fraud, Waste and Abuse Program provided by Moss Adams.

Prepared By: Michael Bertrand, Chairman

Reviewed By: _____   Date: _____
                              (Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

_____
   (Vote Recorded By)

Carson City

Fraud, Waste, and Abuse Program

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I. EXECUTIVE SUMMARY

All City employees share the common purpose of serving the public and ensuring public funds are spent wisely. The work of the City should be conducted fairly, equitably, ethically, and transparently. Proactive steps must be taken to ensure community commitments and management objectives are met. It is important for employees and the public to be provided a mechanism to voice appropriate concerns when they see or feel something is not right.

As a result, Carson City has established a Fraud, Waste, and Abuse Program that is available to all City employees and the public. The program operates 24 hours a day, 7 days a week. Reports of suspected inappropriate activity can be made using the City's toll-free number, mail, phone, or in person. All reports submitted are treated confidentially.

Carson City employees are entrusted with public funds and have a duty to use those funds economically, efficiently, effectively, and ethically. If City employees do not honor that obligation, then it is imperative to identify and correct those actions. The City is committed to reviewing all complaints and investigating all legitimate concerns.

Purpose of a Fraud, Waste, and Abuse Program

A Fraud, Waste, and Abuse (FWA) Program is a mechanism for employees or members of the public to report activities perceived to be misconduct, violations of City policy or ethics, theft, waste, or misuse of City assets. The objective of a FWA program is to identify and stop loss of City resources and act as a deterrent to fraud, waste, and abuse.

In order to facilitate reports of fraud, waste, or abuse, a FWA hotline is administered by a hotline contractor. The contractor receives calls on the FWA hotline and forwards the incident report to the City's Internal Auditor. Please do not use this program to report grievable labor issues, which should be reported to the Human Resources Department. Matters of threat to a person should be reported to the Sheriff's Office by calling 911.

Benefits of a Fraud, Waste, and Abuse Program

There are numerous benefits to a Fraud, Waste, and Abuse Program. It is important for not only identifying and quantifying losses to the City, but also preventing future losses. Specific benefits include:

- Identification and termination of occurrences of fraud, waste, and abuse.
- Recovery of funds as a result of investigations.
- Deterrence of inappropriate behavior by increasing awareness of these actions
- A safe mechanism for employees and the public to voice concerns and report suspected inappropriate activity.
- Commitment to the City's core values through the promotion of the program.
- Improvement in the City's internal control processes.
- Enforcement of an ethical work environment.

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II. FRAUD, WASTE, AND ABUSE DEFINITIONS

A. FRAUD DEFINITION

Fraud is defined as a dishonest and deliberate course of action that results in obtaining money, property, or an advantage to which City employees or officials committing the action would not normally be entitled. Fraud also encompasses intentional misleading or deceitful conduct that deprives the City of its resources or rights. There are three categories of fraud. They include 1) financial statement fraud, 2) misappropriation of assets, and 3) corruption. Examples of fraud include, but are not limited to:

- Falsifying financial records to cover up theft.
- Theft or misuse of city money, equipment, supplies, and/or other materials.
- Intentionally misrepresenting the costs of goods or services provided.
- Falsifying payroll information.
- Use of city equipment or property for personal use/gain, non-business reasons.
- Submitting false vouchers for reimbursements.
- Soliciting or accepting a bribe or kickback.
- Intentional use of false weight or measures.

B. WASTE DEFINITION

Waste is defined as the needless, careless, or extravagant expenditure of city funds; incurring of unnecessary expenses; or mismanagement of city resources or property. Waste does not necessarily involve private use or personal gain, but it almost always signifies poor management decisions, practices, or controls. Examples of waste include, but are not limited to:

- Purchase of unneeded supplies or equipment outside of established limits.
- Purchase of goods at inflated prices without appropriate bids or research.

C. ABUSE DEFINITION

Abuse is defined as the intentional, wrongful, or improper use or destruction of city resources, or improper practice that does not involve prosecutable fraud. Abuse can include the excessive or improper use of an employee or official's position in a manner other than its rightful or legal use. Examples of abuse include, but are not limited to:

- Failure to report damage to city equipment or property.
- Using one's position in one city department to gain an advantage over another city resident when conducting personal business in another city department.
- Abuse of city time such as significant unauthorized time away from work or significant use of city time for personal business.

- Abusing the system of travel reimbursement.

- Receiving favors for awarding contracts to certain vendors.

- Using city property, information or position for personal gain or resulting in extra or special charges to the City.

- Appropriating or diverting any business opportunity or idea in which the City might have an interest.

- Competing with the City in an inappropriate way.

- Failure to disclose a conflict of interest.

- Participating in decision making where a conflict of interest resides.

- Improper use of supervisory authority in response to an employee taking action or refusing to take action.

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III. FRAUD CATEGORIES

A. FINANCIAL STATEMENT FRAUD

Financial statement fraud includes intentional misstatements, omissions, or disclosures in financial statements designed to deceive financial statement users. Fraudulent financial reporting often involves upper management and management override of controls that otherwise may appear to be operating effectively. Common occurrences include overstating revenues and understating liabilities or expenses. Examples include:

- Manipulation, falsification, or alteration of accounting records or supporting documents from which financial statements are prepared, such as overstating assets and understating liabilities.

- Misrepresentation in or an intentional omission from the financial statements of events, transactions, or other significant information.

- Intentional misapplication of accounting principles relating to amounts, classification, manner of presentation, or disclosure.

B. ASSET MISAPPROPRIATION

Asset misappropriation is theft of an entity's assets that causes the financial statements not to be presented in conformity with Generally Accepted Accounting Principles. False or misleading records or documents, possibly created by circumventing controls, may accompany misappropriation of assets. Examples include:

- Embezzlement of cash where accounts have been manipulated or false invoices have been created

- Skimming revenue before the funds have been recorded in the City's financial records

- Cash larceny

- Lapping accounts receivable

- Check tampering

- Over-billing customers

- Stealing assets such as office supplies or computer equipment

- Causing the City to pay for goods and services that have not been received

- Data theft or intellectual property

- False expense claims

- Duplicate reimbursements

- Payroll fraud

- Paying personal expenses with the City's resources

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C. CORRUPTION

Corruption is the wrongfully use of influence in a business transaction in order to procure some benefit and contrary to their duty to their employer or the rights of another. Examples include:

- Seeking or accepting kickbacks
- Engaging in conflicts of interest
- Bid rigging
- Contract manipulation
- Economic extortion
- Illegal gratuities
- Hiring or promotion based on personal relationship (known or unknown)

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IV. ETHICS

Carson City Code of Ethics

The City's 'Code of Ethics for Elected and Appointed Officials' is documented in municipal code Chapter 2.34, Sections 010 – 100. The purpose of the ethics code is summarized as follows:

- Provide assurances of the utmost in integrity, honesty and fairness in business dealings;

- Present no conflict of interest between the public trust and private gain; and

- A belief that those entrusted with offices of the City have nothing to fear from full public disclosure of their business holdings.

The Code defines and describes specific words and phrases, duties, disclosure statement content, and specific examples of ethical violations for elected officials, committees, commissions, and appointed employees. The Code also describes penalties for violation of the Code for any official or employee who willfully and knowingly violated the provisions of the Code.

Business Ethics

Business ethics apply to right and wrong behavior in the business world and take on different meanings in different cultures, making it challenging to truly define business ethics. However, there are a number of areas where unethical practices may occur more frequently, including human resources and accounting.

Human Resources Ethics

Interactions between managers and employees create opportunities for breaches of ethics, such as discrimination based on ethnicity, gender, age or other factors. Managers who discriminate against minority groups in hiring practices, compensation decisions, and terms of employment can face legal and social consequences. Dishonesty and manipulation are also examples of unethical workplace behavior.

Accounting Ethics

Financial accounting is a major ethical issue, and no amount of industry or government regulation seems able to prevent dishonest people from reporting financial information in unethical ways. Certain unethical accounting practices are illegal, such as misrepresenting income or expenses in financial statements through unjustifiable shifting of expenses to inappropriate periods to influence current financial results, obtain a better debt rate, or to maintain debt covenant requirements.

V. IMPLEMENTATION

A. PLANNING

Roles and Responsibilities

The Fraud, Waste, and Abuse Program will be administered and managed as follows:

- Board of Supervisors – requires a Fraud, Waste, and Abuse program.
- City Manager – sets the tone for the program, funds the program, and provides a message on the City's intranet page promoting ethical behavior with appropriate links for reporting.
- District Attorney – reviews reports, as necessary, to determine if there are civil matters to be addressed and takes appropriate actions.
- Sheriff – reviews reports to determine if there are criminal matters to be addressed and takes appropriate actions.
- Human Resources – receives complaints and works with management and bargaining unit representatives to take appropriate action as a result of substantiated complaints.
- Department Managers – responsible for supporting the FWA program and cooperating with an investigation should one occur within their department.
- Risk Management – for substantiated complaints, works with management regarding insurance coverage and claims.
- City employees – responsible for reporting suspected inappropriate activity.
- FWA Program Coordinator/Internal Auditor –responsible for coordinating the FWA Program, monitoring, triaging complaints, conducting investigations, providing overall oversight as to the progress of complaints received, making reports, and performing follow-up procedures deemed appropriate.
- Audit Committee – provides recommendations to the Board of Supervisors but does not participate in conducting investigations. Assigns the Chair responsibility for reviewing all recommended actions by the Internal Auditor regarding how to respond to complaints.

Tracking and Monitoring of Complaints

The City has established a case management process to capture, track, and report the following elements:

A. Complaints received by category and sub-categories, as desired.

- Fraud: expense reimbursements, cash, and skimming
- Wasteful spending
- Abuse
- Ethics

- Threats – city, people, property

B. Complaint triage — / decision pointand recommended action by Internal Auditor, recommendation reviewed by the Audit Committee Chair to determine what action should be taken, and action carried out by Internal Auditor as follows:

- Information insufficient for investigation
- Non-program complaint
- Referred to other department
- Investigated

C. Referrals will be made by the Internal Auditor as deemed appropriate to the situation. Specific examples of referrals include:

- Referrals will be made to the Sheriff's department if the complaint indicates a life threatening situation or other type of crime.
- In some instances, the complaint, even if investigated by Internal Audit, may be referred to the Nevada Commission on Ethics.
- Labor relations matters and grievances may be referred to the City's Human Resources department.
- Non-financial or compliance matters

D. Investigations by the Internal Auditor

- Determine the methodology for investigation. Procedures may include, but not be limited to, the following types of activities that specifically relate to the allegation received:
  - o Interviews of individuals deemed to have direct knowledge of the matter.
  - o Interview with the employee(s) named in the complaint.
  - o Interview with the person(s) who made the complaint, if known.
  - o Interview with person(s) external to the City deemed to have direct knowledge of the matter at hand.
  - o Review of documentation supporting the transaction(s) questioned.
  - o Review of City policies and procedures.
  - o Review of City Board of Supervisor meeting minutes.
  - o Review of emails.
  - o Confirmation from third parties substantiating transactional activity such as financial institutions, investment administrators, and vendors.
  - o Testing of internal controls and/or transaction details.

o Electronic analysis of transactions utilizing ACL or other automated tools deemed appropriate to the situation.

E. Final disposition or conclusion by the Internal Auditor

- Substantiated matters will be reported based on Generally Accepted Government Auditing Standards requirements, including the following elements:

    o Condition – what really happened

    o Criteria – what we expected to happen, including identification of laws, rules, regulations, statutes, and generally accepted accounting principles

    o Effect – financial impact to the City

    o Cause – why the condition happened, including weaknesses in internal controls or override of internal controls

    o Recommendations – address changes to internal control structure, assignment of duties and responsibilities, training, disciplinary action, or referral to the District Attorney for civil or criminal action

- Unsubstantiated matters will be reported in a manner that protects the subject of the complaint. Elements reported may include the following:

    o Date the complaint was received

    o Period of time Internal Auditors conducted the investigation

    o Summary of actions taken to investigation the complaint

    o Conclusion regarding evidence of criminal or civil wrongdoing

    o Recommendations for improvement in internal controls or operations, if warranted

F. Reporting. The frequency and content of FWA Program reporting will be driven by the City's open meetings law.

- Report type, as appropriate
    o Formal report
    o Management letter
    o Personnel letter of disciplinary action

- Report recipients, as appropriate
    o City Board of Supervisors
    o Audit Committee
    o District Attorney
    o Human Resources
    o Risk Management
    o Insurance

- o Employee(s) involved in the situation
- o Press

- Reporting forum

  - o Executive session discussion – nondisclosure to public
  - o Public disclosure

B. FRAUD HOTLINE

Providing individuals a means to report suspicious activity is a critical part of an anti-fraud program. Fraud reporting mechanisms, such as hotlines, are set up to receive tips from both internal and external sources and support anonymity and confidentiality. Management encourages employees to report suspicious activity, as well as enact and emphasize an anti-retaliation policy. According to the Association of Certified Fraud Examiners, the number one source for the initial detection of fraud is through a tip, with over 50% of tips coming from an employee.

External Hotline Answering Company

The City has elected to contract with a third party vendor to administer the offsite reporting system (the "Contractor"). Incident reports can be submitted in a number of ways and allows employees or members of the public to call and speak to an operator via a designated phone number staffed by the vendor. There are distinct benefits to managing the hotline in this manner. Examples include:

- Services are available 24 hours a day/7 days a week/365 days a year.

- The persons receiving the calls are hotline professionals, trained in how to obtain the information necessary for the City to determine an appropriate course of action.

- The Contractor has the ability to receive documents (Word, Excel, and PDF) and forward them to the City as evidence for the complaint, while maintaining the privacy of the caller.

- The Contractor has the ability to communicate back and forth with the caller without revealing the identity of the caller.

- The Contractor will provide notification of and the incident report to the City's Internal Auditor.

- The Contractor will provide case management of calls received, including archiving and data retention.

- The Contractor will provide a summary of the calls received, including call type, disposition (open or closed), etc.

C. METHODS FOR CAPTURING COMPLAINTS

The City is providing employees and members of the public a variety of methods for reporting suspected inappropriate activity and behavior. These methods include:

- Hotline (anonymous reporting mechanism, internal vs. external) – all incident reports are forwarded to the City's Internal Auditor.

- Phone call – if received by the City's Internal Auditor, the caller will be encouraged to call the FWA hotline, or the City's Internal Auditor will handle the call by obtaining the information required to determine if an investigation is necessary. If a call is received by City personnel, then the incident/complaint will be forward to the FWA hotline or City's Internal Auditor, as appropriate.

- Face-to-face – City personnel will take appropriate notes of the meeting and encourage the complainant to report the matter through the FWA hotline.

- Mail –mail will be forwarded to the City's Internal Auditor for investigation, as appropriate.

D. PROGRAM REVIEW

The Board of Supervisors will periodically, at least annually, review the program to validate that the Fraud, Waste, and Abuse Program is meeting Board of Supervisors and management objectives and providing useful information. The review will include confirmation of individual roles and responsibilities, policies and procedures, and the results of investigations. Statistical information will also be reported, such as the following:

- Number of complaints received

  o Referred – non-city, information requests, etc.
  o Under investigation
  o Open – pending additional information
  o Closed

- Sources of complaints

  o Hotline
  o On-line
  o Phone
  o Face-to-face
  o Mail
  o Other

- Types of complaints

  o Employee misconduct
  o Contractor misconduct
  o Fraud – misappropriation of assets, false reporting
  o Wasteful spending
  o Abuse of position
  o Ethics
  o Other

- Cases closed and reason for closing

  o Investigated – substantiated
  o Investigated – not-substantiated
  o Referred

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- - - o Insufficient information – no action taken
- Case Highlights – Investigations conducted – loss substantiated
  - o Identified loss and impact to the City
  - o GAGAS finding elements – condition, criteria, effect, cause
  - o Recommendations in internal controls
- Program Implementation Status - Implementation of recommendations resulting from an investigation may take 2-3 years.
  - o Summary of recommendations
  - o Management's response
  - o Actions taken to date
  - o Estimation from management of when implementation will be completed.

E. COMMUNICATION PLAN

The City launched the Fraud, Waste, and Abuse Program in November 2013. The program incorporates the City's Code of Ethics by setting an appropriate tone at the top.

Consideration is also being given to the following:

- Message from the Board of Supervisors and City Manager kicking-off the program – completed November 2013
- Intranet page link to reporting options for employees – completed November 2013
- Internet page link to reporting options for the public – completed April 2014
- Whistleblower protection / Nevada law
- Plan for on-going support and communication about the program
- Message on payroll stubs
- Posters
- Newsletters
- New hire training
- Annual training
- Presentations (oral or written) to various entities
  - o Board of Supervisors – completed January 2014
  - o Public meetings
  - o Conferences
  - o Press

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F. REACTING TO COMPLAINTS

Regardless of the mechanism through which the City receives a complaint, the following procedures are established for triaging complaints, performing investigations, and communicating investigation results.

Triage Escalation

The City has established escalation for complaints as follows:

- <u>Immediate response</u> – call indicates misappropriation of the City's assets, false reporting, misuse of City assets, etc.

- <u>Referral</u> – based on the circumstances of the complaint, reports may be referred to other departments or outside the City. In such instances, the caller will be notified of the referral if the caller requests. The call can be closed upon referral but should be reported as such, or it may remain open until the final resolution is communicated to the City. Matters indicating a personal emergency will be forwarded to the appropriate party for action. For example, a life threatening situation or child abuse.

- <u>Annual audit plan</u> – call indicates the need for a process redesign or modification to internal controls but no financial loss to the City.

- <u>Follow-up</u> – call requires additional information before appropriate action can be determined.

- <u>Closed as received</u> – including but not limited to:

  - Call is incomplete
  - Caller did not provide sufficient information to determine the appropriate action and caller has not elected for two-way anonymous communication
  - Matters regarding non-audit issues (i.e. request for the number of a local dump)

Investigating Complaints

The complaint will be forwarded to the appropriate party for investigation. If the City's Internal Auditor investigates, then the following activities will be performed:

- Read the initial hotline report.

- Obtain any supporting documents provided by the caller through the Contractor.

- Identify additional evidence needed to resolve the complaint, including but not limited to:

  - City policies and procedures
  - Copy of or access to Board meeting minutes
  - Copies of invoices, receipts, contracts, etc.
  - Other documentation deemed necessary to determine validity of the incident report

- Identify who will be contacted during the investigation, including but not limited to:

  - Suspect to the allegation
  - Victim(s)

- o Witnesses
- o Complainant, if known and the individual wishes to be interviewed
- o Those within the internal control process, but who may not have knowledge of the specific complaint
- o Law enforcement, if appropriate
- o Nevada Commission on Ethics to request a written "Request for Opinion" regarding a public employee's or public officer's conduct in relation to NRS 281A based on information received through the hotline
- o Others as determined necessary

- Communicate to the complainant appropriate information regarding the City's whistleblower policy.

- Perform investigative procedures to determine the validity of the complaint and documenting:
  - o Steps taken
  - o Evidence gathered – chain of custody
  - o Conclusions reached
  - o Quantification of financial loss to the City, if any
  - o GAGAS – criteria, condition, cause, effect, and recommendations, as appropriate

- Keep the appropriate parties informed of the progress of the investigation.

- Communicate the final results of the investigation, including notification and reporting, as appropriate, including, but not limited to:
  - o Board of Supervisors
  - o Audit Committee
  - o City management
  - o Nevada Commission on Ethics

- Manage information on a need-to-know basis.

- Maintain case files for an appropriate period. This may be driven by whether or not the case results in civil or criminal charges.

Communication

Within the escalation process, the City has created a reporting structure. The City will continue to modify that structure as appropriate. The current structure includes reporting to the following:

- District Attorney's office – potential civil activity

- Sheriff – potential criminal activity

- Human Resources Department – employee disciplinary action

- Audit Committee – consideration of audits performed, status of investigations (care will be taken to ensure the detail provided does not violate privacy laws)

- Board of Supervisors – periodic reporting of activity

- o Quarterly statistics of calls received
- o Summaries of completed investigations, as appropriate and dependent upon whether there will be civil or criminal charges filed

VI. WHISTLEBLOWER PROTECTION/POLICY

The risk and fear of retribution can deter many people from reporting allegations of wrongdoing against a colleague, manager, Board member, or a City vendor. The public policy of the State is to encourage state and local officers and employees to disclose improper governmental action and protect the rights of persons making such disclosures (NRS 281.621).

The State's Fraud policy includes "Whistle-Blower Protection" and prohibits retribution against any employee who may have made a report of suspected inappropriate activity. The City will take each call seriously and investigate as the issue warrants and evidence is available. The City has made available an anonymous reporting mechanism to facilitate this process.

Nevada whistle-blower statutes define "improper governmental action" as actions taken in the performance of official duties, whether or not the action is within the scope of employment, that are:

- In violation of State law or regulation;
- For local government officers and employees, in violation of local ordinances;
- In abuse of authority;
- A substantial and specific danger to public health or safety; or
- A gross waste of money.

If an individual makes a report through the FWA hotline, then the Internal Auditor will not make any effort to identify the complainant. If the individual wishes to be contact by the Internal Auditor, then the individual should leave contact information at the time of the FWA hotline call. The Internal Auditor will not reveal the identity of the individual(s) unless required to do so by law.

VII. TRAINING

The City is providing initial and ongoing training to all City employees on the Fraud, Waste, and Abuse Program.

Initial Training

Initial training includes discussion of the following:

- Program purpose and benefits
- Roles and responsibilities
- Employee responsibilities for reporting suspected inappropriate activity
- How to make a report using all various methods (hotline, web, or face-to-face)
- Investigation considerations
- Reporting of investigation results – public vs. private information.

On-going Training

On-going training is important to reinforce management's commitment to reducing loss of resources to the City. The training can be part of the City's annual training program or specific to a Department.

A fraud, waste, and abuse training webinar is accessible by all employees via the following link:

https://youtu.be/LwfVsPLdCuM (Moss Adams YouTube channel)

Fraud Awareness Training & Train the Trainer

In order for City employees to understand when and what to report, employees need to receive fraud awareness training. Consideration should be given to which employees should receive training (managers, directors, supervisors, line employees, etc.). Training should include the following topics:

- Definition of fraud, waste, and abuse with examples of each
- Fraud triangle – fraud environment – answering why fraud happens
- Opportunity points for fraud to occur
- Internal controls intended to prevent and detect fraud
- The importance of corrective controls and the message it sends to employees
- Fraud schemes – what does fraud look like, how to identify and understand various schemes
- Characteristics and red flags of perpetrators

Date Submitted: 03/10/2016   **Agenda Date Requested:** 03/22/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Presentation by Moss Adams on the Policies / Procedures Update Project which includes a Policy Inventory and Recommendations for the Audit Committee's consideration, discussion, and possible recommendation to the Board of Supervisors.

Summary: The Board of Supervisors approved the Policies / Procedures Update Project at their June 18, 2015 meeting.   Moss Adams will present their final report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

Type of Action Requested: (check one)
     (   ) Resolution   (   ) Ordinance
     (X) Formal Action/Motion   (   ) Other (Specify)

Does This Action Require A Business Impact Statement: (   ) Yes (X) No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Policy Inventory and Recommendations Memo prepared by Moss Adams.

Prepared By: Michael Bertrand, Chairman

Reviewed By: _____   Date: _____
                              (Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

_____
   (Vote Recorded By)

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Date:	February 19, 2016
To:	Nick Marano, Melanie Bruketta, and Nancy Paulson
From:	Moss Adams LLP
Subject:	Policy Inventory and Recommendations

Project Summary

Moss Adams LLP conducted a review of Carson City's citywide policies as part of the Internal Audit work plan for FY15-16. This review included the collection of existing policies, comparisons to best practices, and development of a recommended table of contents for a citywide policy manual, which is attached to this memo.

The City's policy environment is largely aligned with best practices, including utilization of Policy Tech for most policy storage, updates, and compliance. There is a strong governance structure in place, with all citywide policies requiring the approval of the City Manager, as well as regular reviews by policy owners. In addition, there is a clear delegation of authority to department directors to develop and enforce policy. As many department directors are new to their positions, there are efforts in multiple departments to update policies and procedures. The recommendations provided below focus on completing citywide policies and streamlining associated processes.

Recommendations

1. **Maximize utilization of Policy Tech**. Policy Tech is an excellent resource for policy and procedure storage, training, and compliance. In particular, the keyword search, approval requirements, user customizations, and automatic update reminders are best practices that help the City to keep its policies up to date. However, use of Policy Tech is at the discretion of department directors, and many store policies in network folders The City should migrate all citywide policies to Policy Tech, and require departments to store departmental policies and procedures in Policy Tech.

2. **Prioritize development of new policies and those requiring updates.** There are a number of policies that either do not exist or require significant updates to ensure they are aligned with relevant laws, the technology environment, and current City practices. See the attached table of contents for a recommended priority order to complete the City's policies. Prioritization is based on the following criteria:
   - Compliance with state and federal laws and regulations
   - Related audit findings
   - Strategic priorities of the City Manager

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To update or draft new policies, the City should leverage best practice examples drafted by national organizations, such as the ICMA, GFOA, and National League of Cities.

3. **Develop easy-to-understand guidance on key functions that operate according to state law.** A significant portion of the public-facing work of the City, including the Clerk, Treasurer, Sheriff, and Assessor, is performed in accordance with State law. While staff who perform work on a regular basis are well-versed in relevant laws, other City staff and members of the public are less familiar. Legislation is not generally written in a manner that is user-friendly or accessible to a non-specialist, and the City could benefit from developing easy-to-understand guides for these functions. Developing a plain language interpretation of state laws will ensure that they are effectively understood and will improve compliance. Some departments have done this. For example, the Sheriff's Office regularly develops internal policies to provide guidance around federal and state regulations.

4. **Provide annual training on key policies and procedures**. Like many municipalities, non-essential training for most Carson City staff was eliminated post-recession, and it has been slow to be reinstated. Policies that are critical to City operations and compliance are required to be read annually by all employees. In addition, the City should identify key policies and procedures that all employees should receive regular refresher training on, such as Unacceptable Behavior, Purchasing, and Cash Handling, and determine low-cost solutions to delivering training. Policy Tech's quiz feature can be leveraged to ensure that employees have read and understood policies and procedures.

5. **Consider revising the City's Municipal Code to shift some elements to policies.** A number of elements in the City's Municipal Code are better suited for policies. For example, nearly all of the fees and charges assessed by Parks and Recreation and Community Development are in the City Code. This gives the City limited flexibility to adjust business practices to meet market demands and achieve cost recovery goals established by the Board of Supervisors. The GFOA recommends fees and charges to be updated regularly, which is cumbersome and rarely accomplished through a Code update.[1] Alternatively, the Board of Supervisors could annually approve a fee appendix to the City Code as part of the budget development and approval process.

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[1] http://www.gfoa.org/establishing-government-charges-and-fees

Carson City Policy Review: Recommended Table of Contents

Citywide Policy	Existing	Location	Notes	Priority
ADMINISTRATION & MANAGEMENT				
Use of Volunteers	Y	Policy Tech		
Government Performance Reporting	N		Project in progress	2
Board of Supervisors Agenda Policy	Y	Policy Tech		
Partnerships	N		Audit findings: Community Facilities	1
CLERK				
Public Records Requests	Y	NRS	NRS Ch. 239 - Public Records	
Records Management	N		NRS; Recommend the City create an accessible policy for Citywide use Audit finding: Efficiency Study 6	1
COMMUNICATION				
Customer Service	N		Audit finding: Efficiency Study 10	2
Public Information and Communications	N		Audit finding: Efficiency Study 10	2
Correspondence	N		Audit finding: Efficiency Study 10	2
Graphics Standards	N		Audit finding: Efficiency Study 10	2
Website Content	Y	Policy Tech		
Government Channel Programming	Y	Code	Code of Ordinances Ch. 5.20	
ECONOMIC DEVELOPMENT				
Economic Development Policy	N			1
Incentives	N			1
FACILITIES AND EQUIPMENT				
Use of Facilities	Y	Code		
Events	Y	Code		
Rental Policies	Y	Code		
Naming and Dedications	Y	Code		
Fleet Management and Use				
Assignment of City Vehicles	Y	Policy Tech	HR: Vehicle Use Policy Audit finding: Fleet Utilization 12	2
Take-Home Vehicle Policy	Y	Policy Tech	HR: Vehicle Use Policy Audit finding: Fleet Utilization 12	2
Fleet Maintenance and Replacement	N		In progress Audit finding: Fleet Efficiency III.F.21	1
Public Art	Y	Code		

Carson City Policy Review: Recommended Table of Contents

Citywide Policy	Existing	Location	Notes	Priority
FINANCIAL MANAGEMENT				
Financial Management			*Updated 2015*	
Financial Reporting	Y	Internal	Various policies	
Fixed Assets	Y	Internal	Update in progress	
Audits	Y	Code		
Fraud, Waste, and Abuse	Y	Internal		
Accounting			*Updated 2015*	
Accounts Payable	Y	Internal		
Accounts Receivable	Y	Internal		
Operating Budget	Y	Internal		
Uncollectible Accounts	N			1
Revenue Sources			Recommend developing revenue manual	
Taxes	Y	Code		
Fees	Y	Code		
Other Revenue Sources	Y	Code		
Debt Management	Y	Internal		
Capital Improvement Program	N		In progress	1
Reserve Policies	Y	Internal	Board Policy	
Purchasing	Y	Policy Tech	Currently updating Audit finding: Efficiency Study 14; Internal Controls B1, B4	1
Travel and Expenses	Y	Internal		
Purchasing and Procurement	Y	Policy Tech		
Procurement Card	N		In progress	1
Contracting	N		In progress	1
Grant Administration	Y	Internal	Currently updating Audit finding: Internal Controls C3	1
Monitoring and Reporting	Y	Internal		
Payroll	Y	Internal		
Property Management	Y	Internal		
Disposition of Surplus Property	Y	Internal		
HUMAN RESOURCES				
Hiring Practices				
Equal Employment Opportunity Policy	Y	Policy Tech		
Authorization to Hire	Y	Policy Tech		
Nepotism	Y	Policy Tech		
Interns	Y	Policy Tech		
Employment Practices				
Classification Plan & Reclassification	Y	Policy Tech		
Compensation	Y	Policy Tech		
Personnel Records	Y	Policy Tech		
Grievance	Y	CBAs		
Employee Exit	Y	Policy Tech		
Standards of Conduct and Safety				

Carson City Policy Review: Recommended Table of Contents

Citywide Policy	Existing	Location	Notes	Priority
Unacceptable Behavior	Y		Includes Code of Conduct, use of City property & resources, ethics, nepotism, conflict of interest	
Discrimination and Harassment	Y			
Drug & Alcohol Policy	Y			
Workplace Violence Policy	Y			
Compensation				
Overtime	Y	Policy Tech	Audit finding: Internal Controls A3	2
Employee Benefits				
Benefits	Y	Policy Tech		
Annual Leave	Y	Policy Tech		
Holidays	Y	Policy Tech		
Workers' Compensation	Y	Policy Tech		
Retirement	Y	Policy Tech		
Leaves of Absence				
Leaves of Absence	Y	Policy Tech		
Bereavement	Y	Policy Tech		
Family and Medical Leave Act (FMLA) Policy	Y	Policy Tech		
HUMAN SERVICES				
Housing Programs	Y	Internal		
INFORMATION TECHNOLOGY				
Technology Governance	Y	Policy Tech		
Acceptable Use of Technology Resources	N		Audit finding: Internal Controls F4, F7; some in Unacceptable Behavior; Update in progress	1
Information Technology Management	N			2
Information Security	N			2
Mobile Devices	Y	Policy Tech		
Remote Access	N			2
LIBRARY				
Collection Development	Y	Website		
Library Cards & Circulation	Y	Website		
Library Programs and Events	Y	Website		
Fees and Fines	Y	Website		
PUBLIC SAFETY				
Emergency Management	Y	Code	Title 6	
Law Enforcement	Y	Code	Code Sec. 3.060	
Fire and EMS	Y	Code	Code Ch. 2.08	
REAL PROPERTY				
Acquisition of Real Property	N		In progress	2
Sale of Real Property	N		In progress	2
Abandonment of Property	N		In progress	2
Blighted Properties	N		In progress	2
Recovery of Damages to City Property	N		In progress	2

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Citywide Policy	Existing	Location	Notes	Priority
RISK MANAGEMENT				
Risk Management	Y	Internal	Updated 2012	
Insurance Waiver	Y	Policy Tech		
Workplace Safety	Y	Internal	Updated 2015	
TREASURER				
Cash Handling	Y	Internal	Audit finding: Internal Controls D10; Needs update	1
Investment Policy	Y	Internal		
Debt Collection	Y	Policy Tech		
PUBLIC HEALTH				
Health Insurance Portability and Account Ability Acct (HIPAA)	Y	Policy Tech		
PUBLIC WORKS				
Construction Contract Management	Y	Policy Tech	Contract Procedure	
Architectural and Engineering Contract Management	Y	Policy Tech	Contract Procedure	
Right-of-Way	Y	Code	Code Ch. 12.06	