

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

Day: Tuesday
Date: July 31, 2018
Time: Beginning at 4:00 pm
Location: Community Center, Sierra Room, 851 East William Street, Carson City, Nevada
851 East William Street
Carson City, Nevada

AGENDA

1. Call to Order

2. Roll Call

3. Public Comments:

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 - 06-12-18 Minutes

5. For Possible Action: Adoption of Agenda

6. Meeting Items

6.A 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. (Sheri Russell, SRussell@carson.org)

Staff Summary: City staff will discuss the monitoring, review and closure of the previous internal auditor findings and/or recommendations included in the Audit Findings Tracking Report.

6.B For Possible Action: Discussion and possible action to identify, discuss, and provide recommendations to the Board of Supervisors on projects to be performed by the Internal Auditor for the period ending June 30, 2019. (Sheri Russell, srussell@carson.org)

Staff Summary: Eide Bailly, LLP will work with the Audit Committee to develop a FY19 work plan. Eide Bailly has reviewed the prior meeting, and is prepared to provide recommendations (including project budgets) for suggested future internal audits/reviews.

7. 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.

8. For Possible Action: To Adjourn

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.

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 agenda item.

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.

To request a copy of the supporting materials for this meeting contact Courtney Nicholas at cnicholas@carson.org or call (775) 887-2133.

This agenda and backup information are available on the City's website at www.carson.org, and at the Finance Office - City Hall, 201 N. Carson Street, Ste 3, Carson City, Nevada (775) 887-2133.

This notice has been posted at the following locations:

Community Center 851 East William Street

City Hall 201 North Carson Street

Carson City Library 900 North Roop Street

Community Development Permit Center 108 Proctor Street

<http://notice.nv.gov>

CARSON CITY AUDIT COMMITTEE

Minutes of the June 12, 2018 Meeting

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A meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, June 12, 2018 in the Permit Center Conference Room, 108 East Proctor Street, Carson City, Nevada.

PRESENT: Chairperson Stephen Ferguson
Vice Chairperson Michael Bertrand
Member Lori Bagwell
Member Ernie Mayhorn
Member Betsy Strasburg

STAFF: Nancy Paulson, City Manager
Adriana Fralick, Deputy City Manager
Dan Yu, Chief Deputy District Attorney
Kathleen King, Chief 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 Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (3:01:22) - Chairperson Ferguson called the meeting to order at 3:01 p.m. Ms. King called the roll; a quorum was present.

3. PUBLIC COMMENT (3:01:48) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 10, 2018 (3:02:15) - Chairperson Ferguson introduced this item, and entertained a motion. **Member Strasburg moved to approve the minutes. Member Mayhorn seconded the motion. Motion carried 5-0.**

5. POSSIBLE ACTION TO ADOPT THE AGENDA (3:02:37) - Chairperson Ferguson entertained modifications to the agenda and, when none were forthcoming, deemed it adopted as published.

6. PUBLIC MEETING ITEMS:

6(A) PRESENTATION OF THE INTERNAL AUDIT STATUS REPORT (3:02:49) - Chairperson Ferguson introduced this item. Moss Adams LLP Partner Mark Steranka presented the report, which was included in the agenda materials, and responded to questions of clarification.

6(B) DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS BASED ON THE PRESENTATION BY MOSS ADAMS LLP ON THE REVIEW OF INTERNAL CONTROLS OVER GRANTS MANAGEMENT AND ADMINISTRATION (3:04:57) - Chairperson Ferguson introduced this item, and Moss Adams LLP Partner Mark Steranka presented the agenda materials. Mr. Steranka and Grants Coordinator Ana Jimenez responded to questions of clarification, and discussion followed. Chairperson Ferguson entertained additional questions or comments and, when none were forthcoming, Member Bagwell commended City staff on the improved procedures. Chairperson Ferguson entertained a motion. **Member Mayhorn moved to accept the Grants Management and Administration Internal Controls Review report from Moss-Adams LLP. Member Bagwell seconded the motion. Motion carried 5-0.**

CARSON CITY AUDIT COMMITTEE

Minutes of the June 12, 2018 Meeting

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6(C) POSSIBLE ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS APPROVAL OF THE REVIEW AND SELECTION COMMITTEE'S RECOMMENDATION FOR CONTRACT AWARD TO EIDE BAILLY LLP FOR CARSON CITY INTERNAL AUDIT SERVICES FOR FY 2019 WITH TWO (2) ONE-YEAR OPTIONS TO RENEW (3:12:25) -

Chairperson Ferguson introduced this item, and entertained disclosures. Member Bagwell read a prepared disclosure statement into the record, advising of a disqualifying conflict of interest and that she would abstain from discussion and action. Ms. Paulson presented the agenda materials. Ms. Paulson and Eide Bailly Partner Dan Carter responded to questions of clarification. At Chairperson Ferguson's request, Ms. Paulson reviewed the request for statement of qualifications process. Extensive discussion followed. Vice Chairperson Bertrand thanked Mr. Steranka for his work over the last several years. Chairperson Ferguson also thanked Mr. Steranka, and looks forward to working with Mr. Carter.

Chairperson Ferguson entertained additional questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Bertrand moved to approve Eide Bailly as the internal auditors.** Member Strasburg advised that she would abstain "because I just don't feel I have all of the information ... to make a vote on this." In response to a question, Member Strasburg stated, "... there's too much change and I don't understand why the various changes were made. ... It seems to me like we're doing a rubber-stamp approval and that's what makes me uncomfortable ..." Mr. Yu strongly advised Member Strasburg to cast a vote as part of a statutory obligation, as an appointed official. Chairperson Ferguson explained that "as committee members, we're relying on judgment of the City, in their procurement process, to decide. ... we're basically saying we agree with the selection, based on the criteria that they might throw at us ... certifications, proximity, experience in Nevada, cause and considerations, travel considerations. So there were a bunch of issues tied into this that the City went through the process and made this recommendation. We're up against a time line here. In response to a comment, Member Strasburg expressed agreement "with prior discussions that we change the process. I just don't feel I have everything that I need to make a vote, but if it is urgent to do it today because of statutory reasons but ... with objection ..." Chairperson Ferguson called for a second on the pending motion. **Member Mayhorn seconded the motion.** Chairperson Ferguson called for a vote. **Motion carried 3-1-1.**

7. PUBLIC COMMENT (3:29:08) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (3:32:54) - Following a brief discussion, consensus of the committee was to schedule the next meeting for 4:00 p.m. on Wednesday, July 18th. Chairperson Ferguson adjourned the meeting at 3:32 p.m.

The Minutes of the June 12, 2018 Carson City Audit Committee meeting are so approved this _____ day of July, 2018.

STEPHEN FERGUSON, Chair



STAFF REPORT

Report To: Audit Committee

Meeting Date: 07/31/2018

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda 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. (Sheri Russell, SRussell@carson.org)

Staff Summary: City staff will discuss the monitoring, review and closure of the previous internal auditor findings and/or recommendations included in the Audit Findings Tracking Report.

Agenda Action: Formal Action/Motion

Time Requested: 20 minutes

Proposed Motion

Will depend on the discussion.

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

N/A

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Carson City - Audit Findings Tracking Summary Report (revised 07-24-18)

Report Name	Report Submittal	BOS Report Approval	Reporting Entity	Report Findings	Completed Findings	AC Approval	BOS Approval	Notes
Internal Controls Review	3/31/2015	6/4/2015	Internal Auditor	42	41	4/21/2015		
Payroll Internal Controls Testing	7/27/2016	12/21/2017	Internal Auditor	2	1	8/8/2016		
P-card Internal Controls Testing	7/27/2016	12/21/2017	Internal Auditor	2	0	8/8/2016		
Public Guardian Review	5/1/2017	12/21/2017	Internal Auditor	13	12	5/9/2017		3 findings validated as part of follow up
Purchasing and AP Internal Controls Testing	7/6/2017	12/21/2017	Internal Auditor	12	8	7/12/2017		1 finding validated (#10)
Capital Projects Process Review	5/2/2018		Internal Auditor	8	0	5/10/2018		
Public Guardian Follow Up Review	5/3/2018		Internal Auditor	8	1	5/10/2018		
FY 2017 CAFR and Single Audit	11/30/2017	12/21/2017	External Auditor	4	3	5/10/2018		
Total (including archived reports)				91	66			

Legend:

Report Submittal = date report submitted to City

BOS Report Approval = date report adopted by 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

Notes = notes about findings

Carson City
Internal Controls Review
03-31-15

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
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 was 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	3/31/2019		City Departments are in the process of updating existing and/or developing new policies and procedures to aid in the development of a citywide policy manual. Update: Policies are housed in the City's Policytech Program. UPDATE #2: We are implementing a New ERP System which will change most procedures; therefore, to be efficient, we would like to wait until we are farther along in the implementation process to update these policies and procedures.

Carson City
Payroll Internal Controls Testing
07-27-16

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
1			1	Payroll procedures were not followed with regard to the timing of time card approval.	Implement a process whereby timecard approval should only take place after the pay period is over and the hours worked can be approved and calculated accurately.	Finance	CFO	The City's payroll procedures state: i) Supervisors in each department collect bi-weekly timesheets for each employee, verify hours worked, verify that the appropriate and authorized coding is indicated on the timesheet and review the accuracy of leave taken. When an employee is not available for signature indicate N/A on the employee signature line. (The employee will be required to come to the Finance Department to sign the timesheet upon his return to work.) ii) Supervisor signs bi-weekly timesheets indicating approval of time submitted, and submits the timesheets and departmental leave or overtime documentation as required by the department to the departmental payroll clerk Friday following the end of the pay period. These procedures will be updated to address the timing of timecard approval.			P	3/31/2019		Policy changes need to be written and communicated to departments. UPDATE: We are implementing a New ERP System which will change most procedures; therefore, to be efficient, we would like to wait until we are farther along in the implementation process to update these policies and procedures.

Carson City
P-card Internal Controls Testing
07-27-16

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
1			1	Carson City's P-Card Program Manual is unclear relative to certain P-Card processes.	Update the P-Card Program Manual to accurately reflect current allowable P-Card processes related to transaction limits and types of purchases.	Finance	CFO	The Procurement Card Program Manual will be updated to accurately reflect current allowable transaction limits and the types of purchases that can be made on a pcard.			P	3/31/2019		Policy changes need to be written and communicated to departments. UPDATE: We are implementing a New ERP System which will change most procedures; therefore, to be efficient, we would like to wait until we are farther along in the implementation process to update these policies and procedures.
2			2	Some department use shared department or guardian P-Cards.	Update the P-Card manual to specifically address the processes and procedures for shared department and guardian P-Cards. Evaluate whether the City should continue using shared P-Cards or if each P-Card should be assigned directly to a user.	Finance	CFO	The Procurement Card Program Manual will be updated to specifically address the processes and procedures for shared department and guardian P-Cards.			P	3/31/2019		Policy changes need to be written and communicated to departments. UPDATE: We are implementing a New ERP System which will change most procedures; therefore, to be efficient, we would like to wait until we are farther along in the implementation process to update these policies and procedures.

Carson City
Public Guardian Review
05-01-17

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			4	Public Guardian policies and procedures do not provide comprehensive guidance for asset liquidation.	Develop policies and procedures describing the asset liquidation process and ensure proper internal controls are in place.	Public Guardian	Public Guardian	The Public Guardian is currently writing new policy to add to existing policy and procedures to address the disposition of liquid assets as recommended in the audit. There is new legislation pending that may effect this recommendation.			P	12/31/2018		This office is still working out the changes to the NRS affecting our policies and procedures

Carson City
Purchasing AP Internal Controls Testing
07-06-17

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			1	The City's current policy does not adequately address the process for documenting when a good or service is received.	Update the current policy and procedures to include additional guidance relating to the process of documenting when goods and services are received and require documentation for receipt of good or services before payment is made.	Finance	CFO	The accounts payable invoice processing policy in policytech states "The department is responsible for verifying product has been received. After items have been verified, the accounts payable clerk processes the invoice utilizing the HTE system." The policy will be updated to add a procedure for the departments to document this procedure by initialing and dating the invoice or the packing slip to confirm receipt.			P	3/31/2019		Stamps have been distributed. Written policy needs to be updated, but in March we spoke to departments regarding the change in policy. UPDATE: We are implementing a New ERP System which will change most procedures; therefore, to be efficient, we would like to wait until we are farther along in the implementation process to update these policies and procedures.
2			2	The City's current policies and procedures do not adequately address all aspects relating to segregation of duties when receiving goods and approving payment for goods.	Update the current written policies and procedures relating to processing purchases and segregated duties to provide more comprehensive guidance.	Finance	CFO	There are always at 2 least individuals involved in an a/p transaction at the dept level and an approver would most likely never be involved in the receipt of the goods. We believe the added procedure in step 1 will address this.			P	3/31/2019		
3			3	The City's current policies and procedures do not adequately specify an appropriate process to ensure approval for payment was performed after the goods were received.	Update the current written policies and procedures to require that approval for payments should not be performed until after the documented received date.	Finance	CFO	This will be addressed with the added procedure in step 1.			P	3/31/2019		
5			5	The vendor name listed on two purchasing invoices did not match the vendor name identified on the edit list and checks.	Provide additional training to supervisors that are involved with reviewing and approving purchasing documents.	Finance	CFO	The Finance Department Accounting Technician and the Accounting Manager confirm that the vendor selected matches the vendor name on the invoice. The accounts payable policy will be updated to reflect this procedure.			P	3/31/2019		
10			10	Required quotes or documentation of an exemption from the requirement were not provided for all relevant purchases.	Revise policies to provide additional clarification regarding the requirement for at least three quotes, and increase compliance through training and monitoring.	Finance	CFO	The purchasing & contracts policies and procedures will be updated to provide additional clarification regarding the requirement for quotes.			Y	12/31/2017	Feb-18	

Carson City
Capital Projects Process Review
05-02-18

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Rec 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					Develop and utilize a scorecard that establishes objective criteria to assist in the evaluation of capital projects during the capital planning selection process.			<p>Course of Action- Use current scorecard for sewer CIPs and modify and determine objective criteria to evaluate water and stormwater CIPs (Feb 2019). Scorecards will be prepared for utility project CIPs in time for each year's budget planning period (typically around January/February). We will also plan on developing a scorecard for facility projects (Feb 2020). Ultimate goal is to use data collected through asset management program (work orders, maintenance costs, condition, etc.) to feed CIP decisions</p> <p>Expected Benefits- Use of objective data/criteria will help us make effective data driven decisions and improve transparency in the CIP planning process.</p>			P	Feb 2019		We have developed a scorecard for sewer CIP projects and are in the process of developing scorecards for water and stormwater capital projects to be ready for next FY budget planning period (Feb 2019). These scorecards evaluate projects and rank/prioritize using objective data such as age of pipe, material, condition, capacity, maintenance cost, street classification, risk of failure, consequence of failure, etc.
2					Cultivate a Project Management Manual that provides standardized templates, checklists, forms, and best practice guidance.			<p>Course of Action- Create a project management checklist that guides PMs through all required steps to successfully complete a project. This checklist will reference other project management related documents that offer more detail on specific stages of project management (project initiation forms, guidelines to setting up project in Smartsheet, creating project schedules, QA/QC for projects, project closeout). The checklist will be placed in the project folder and be required to be completed for each CIP.</p> <p>The checklist in combination with specific documents and forms related to project management will be located in a central site on the network and be considered the "Project Management Manual". There is no plan at this time to create an actual manual.</p> <p>Expected Benefits- Lead to better management of capital projects</p>			N	PM Checklist (Jan 2019)		<p>In process of developing a project management checklist for project managers to complete for each CIP. This checklist will track from project initiation to closeout. This checklist will reference to other PM documents related to different stages of the project (project initiation forms, guidelines to setting up project in Smartsheet, creating project schedules, QA/QC for projects, project closeout). A draft of checklist has been developed and is currently in circulation for comments. We anticipate checklist to be completed and in-use by Jan 2019.</p> <p>After completion of PM checklist, the checklist in combination with specific documents and forms related to project management will be located in a central site on the network and be considered the "Project Management Manual". There is no plan at this time to create an actual manual.</p>
3					Subscribe to Electronic Signature Services to expedite the contract approval process.			<p>Course of Action- Public Works will have the discussion with Purchasing & Contracts to see what options are available for electronic signature implementation. Discussion will occur in Fall 2018 and then decision will be made on whether to pursue or not</p> <p>Expected Benefits- If implemented, the contract approval process would be expedited</p>			N	March 2019		We do spend a great amount of time collecting signatures and passing documents around, so exploring electronic signature options may be beneficial. Public Works will have the discussion with Purchasing & Contracts to see what options are available. Discussion will occur in Fall 2018. - New ERP System will definitely have electronic approvals as well as some electronic signature options. We would like to wait until we are farther along in the implementation process.

Carson City
Capital Projects Process Review
05-02-18

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Rec 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					Utilize a single unique identifier for projects to ensure documentation clearly references each project.			<p>Course of Action- Modify documents internal to public works to include project number along with contract number. The Public Works Financial Analyst does currently keep a contract register which does relate all contracts back to their unique project numbers, so the current method does work for searches/tracking, but could be improved. Discuss with Finance, Purchasing & Contracts and Public Works Financial Analyst to discuss options to be consistent with our project naming and unique identifier. Review ERP system capabilities to see if new system may lead to better tracking and streamline document searches in future.</p> <p>Expected Benefits- Improve project document tracking and searches</p>			P	Nov 2018		<p>We currently assign single unique identifiers to projects, however these project numbers don't get referenced in all construction documents such as design or construction contracts (only contract numbers used). The Public Works Financial Analyst does keep a contract register, which links all contracts back to their associated unique project numbers. Therefore, everything can be searched and tracked with some effort.</p> <p>We are in the process of modifying public works related construction documents (i.e. project completion memos and other documents used for construction management during construction) to reference both project numbers and contract numbers. We will plan on discussing with Finance, Purchasing & Contracts and Public Works Financial Analyst to discuss options to be consistent with our project naming and unique identifier. Plan on holding these discussions in fall of 2018. This process may also be improved with the capabilities/features of the new ERP system.</p> <p>The project number assigned by Finance is supposed to be included on contracts with the account number. The new ERP system will allow for contract, payments, purchase orders, payroll and grants to be tied to specific projects. It also has the ability to store pertinent documents with the project.</p>
5					Explore system support for staff payroll on capital projects to enable more efficient and effective tracking of Public Works staff time.			<p>Course of Action- Continue to learn more about the capabilities of the new ERP system. When ERP system is implemented and staff is trained, we will have the capabilities to provide more efficient and effective tracking of Public Works staff time. Anticipate ERP implementation to occur in next 12 months</p> <p>Expected Benefits- Enable more efficient and effective tracking of Public Works staff time.</p>			N	July 2019		<p>The new ERP system will allow time entry for projects directly in the system. This will eliminate the necessity for the current method of keeping a separate project time sheet and then doing a journal entry to do the direct billing for Public Works Staff time.</p> <p>In the meantime, we will work to update project timesheets more regularly to better track project costs in "real time"</p>
6					Clearly identify and separate capital project documents to properly track contract modifications.			<p>Course of Action- Modify or create new guidelines/policy that outline and clearly specify bid, conformed and contractual documents for each project. These guidelines will integrate with the project management checklist referred to in item #2.</p> <p>Expected Benefits- Improve organization of project documents</p>			N	Dec 2018		<p>Public Works staff is currently working on modifying project management procedural documents to clearly define and distinguish between bid documents, conformed documents and contract documents and to specify the location of where each of these document types should be filed in the project folder. These procedures will integrate with the project management checklist referred to in item #2. Properly designating the contract documents will help identify and track any changes made or modified via addenda</p>

Carson City
Capital Projects Process Review
05-02-18

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Rec 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					Expand capital project close-out processes to include a review of project costs, deliverables, and required documentation.			<p>Course of Action- Create step-by-step procedure document outlining proper project close-out. These guidelines will integrate with the project management checklist referred to in item #2.</p> <p>Expected Benefits- Improve close-out of projects and improve organization and how we manage projects in the future</p>			P	Jan 2019		<p>A draft step-by-step procedure document outlining proper project close-out has been created and is currently in circulation for comments. We anticipate this close-out procedure to be completed and in-use by Jan 2019.</p> <p>This will be added as step in the project management checklist</p>
8					Create a project postmortem process to continuously improve capital project efficiencies.			<p>Course of Action- Create a standard form that addresses lessons learned related to construction issues, quality control, external department coordination (for projects where public works PMs run a project for Parks department), comparing final outcomes to scope, cost outcomes, performance measures, and project objectives (such as milestones/targets). This document will integrate with the project management checklist referred to in item #2.</p> <p>This postmortem form will be required to be completed by PMs before a project can be closed out.</p> <p>Expected Benefits- Improve future management of projects</p>			N	June 2019		<p>This will be added as a step in the project management checklist and be required for PMs to complete before closing out project. A standard form will be developed that addresses lessons learned related to construction issues, quality control, external department coordination (for projects where public works PMs run a project for Parks department), comparing final outcomes to scope, cost outcomes, performance measures, and project objectives (such as milestones/targets).</p> <p>This postmortem form will be required to be completed by PMs before a project can be closed out</p>

Carson City
Public Guardian Follow Up Review
05-03-18

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Rec 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			1		Consider incorporating the number of wards per caseworker in quarterly BOS reports to demonstrate workload.			This information will be included in all BOS reports.			Y		6/21/2018	I included this information in my last BOS report on 6/21/18.
2			2		To ensure Public Guardian staff operate at their highest and best use, consider establishing a list of pre-qualified, on-call hourly contractors to assist with ward transportation needs.			Working on a plan to hire an on-call list of qualified persons to assist with transportation of clients.			P	12/31/2018		Currently we have one person on call for transportation otherwise the Public Guardian or her Deputy transports clients to appointments.
3			3		Ensure all files are maintained in fire-proof file cabinets by destroying files of wards deceased 7 or more years.			Currently all files of deceased clients or closed files are kept for 7 years and are stored in the basement storage room in City Hall.			P	Ongoing		This is an ongoing process all court documents are now scanned to online files.
4			4		Continue developing comprehensive policies and procedures to document institutional knowledge.						P	Ongoing		This policies and procedures will be updated as laws and best practices change.
5			5		Conduct a follow-up study in two years to assess compliance with the asset liquidation processes.						N		6/1/2020	
6			6		Establish dual control entry requirements to the storage unit through an updated combination lock system.						N			This option needs to be researched
7			7		Consider developing standard contracts with approved vendors for asset liquidation.			When we next have a house to liquidate we will have a signed contract with the vendor chosen.			P			This is difficult as we use different vendors for different types of jobs and they are few and far between in most cases.
8			8		Consider utilizing the City's surplus property auctions to sell ward assets, where applicable and convenient.			We will consider this option when the time comes and we are notified of the auction date and time.			N			

Carson City
FY 2017 CAFR and Single Audit
11-30-17

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			2017-A	The City did not have adequate internal controls to ensure cash was evaluated, disclosed, and recognized appropriately.	Enhance internal controls to ensure cash is evaluated, disclosed, and recognized appropriately.			Carson City will ensure that all information for each Journal Entry is included and reviewed for errors prior to posting, not sure the summary sheets.	\$ -	0	y	6/30/2018		We compiled an accumulation of restricted funds from various Bank Statements. That spreadsheet contained the error and was attached as support for the journal entry; however, the Statements were not.
2			2017-B	The City did not have adequate internal controls to ensure the disclosure of the funded status and funding progress notes and the schedule of Funding progress – other post employment benefits (RSI) was evaluated, disclosed, and recognized appropriately, if applicable.	Enhance internal controls to ensure the disclosure of the funded status and funding progress notes and the schedule of funding progress – other post employment benefits (RSI) are evaluated, disclosed, and recognized appropriately, if applicable.			We will ensure we use the correct figures from the actuary going forward for financial reporting purposes. We have discussed the difference between the two Unfunded Actuarially Accrued Liability figures, both dated 6/30/17, and will make sure the correct figure is included going forward.	\$ -	0	y	6/30/2018		We had been pulling the same number from the OPEB report for several years, however, the auditors alerted us, that we should have been picking up a different number in FY17. We had to call the actuary to determine the difference, as both figures were labeled "Unfunded Actuarially Accrued Liability 6/30/17"
3			2017-001	The Transportation Division of the Carson City Public Works Department did not have adequate procedures in place to ensure that reimbursement requests were submitted for proper charges and internal controls that require review and approval of expenses submitted for reimbursement.	The Transportation Division of the Carson City Public Works Department should enhance internal controls to ensure that reimbursement requests are submitted only for appropriate expenditures and that internal controls requiring review and approval are followed.			Public Works has moved the preparation of the reimbursements to someone who is more familiar with our financial reporting system. Finance has reviewed several requests before they were submitted (time permitting), and have noted no issues with the new process.	\$ -	0	Y	6/30/2018		This relates to a duplicate reimbursement request for an invoice paid once.
4			2017-002	The City's Finance Department did not have adequate procedures in place to ensure that all contracts entered into were in compliance with the applicable provisions.	The Transportation Division of the Carson City Public Works Department should enhance internal controls to ensure that all contracts under Federal awards follow the applicable provisions.			Eide Bailly, our new Internal Auditor has been contracted to do a special review of the Public Works Contracting procedures, relating to grants, in order to ensure the finding is corrected for future audits. Projects are no hold until these procedures are performed.	\$10,400	0	N	12/31/18		Several entities got the same finding from Eide Bailey, so they can help clean up our procedures to ensure we don't make the same mistake going forward.

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STAFF REPORT

Report To: Audit Committee

Meeting Date: 07/31/2018

Staff Contact: Sheri Russell, Chief Financial Officer, Steve Ferguson, Audit Committee Chairman, and Nielsine Sherk, Audit Manager

Agenda Title: For Possible Action: Discussion and possible action to identify, discuss, and provide recommendations to the Board of Supervisors on projects to be performed by the Internal Auditor for the period ending June 30, 2019. (Sheri Russell, srussell@carson.org)

Staff Summary: Eide Bailly, LLP will work with the Audit Committee to develop a FY19 work plan. Eide Bailly has reviewed the prior meeting, and is prepared to provide recommendations (including project budgets) for suggested future internal audits/reviews.

Agenda Action: Formal Action/Motion

Time Requested: 20 minutes

Proposed Motion

Will depend on the discussion and possible recommendations.

Board's Strategic Goal

Efficient Government

Previous Action

Fiscal year 2018 internal audit program was approved by the Audit Committee on July 12, 2017. The program was approved by the Board of Supervisors on August 3, 2017.

Background/Issues & Analysis

According to Carson City Municipal Code 2.14.040 the Audit Committee will review and make recommendations to the Board of Supervisors regarding the annual financial audit, performance, compliance and efficiency audits, including specific issues of concern providing a higher level of accountability over the use of public funds and the adequacy of any city department or office performance measure for internal audit purposes.

The Board approved Contract 1718-137 to appoint Eide Bailly, LLP as the City's internal auditor on June 21, 2018. Eide Bailly is our former external auditor, and therefore, very familiar with the City's operations and the steps necessary to minimize risk in the future and improve operating efficiencies. The Internal Auditor will work with the Audit Committee to prioritize and develop internal audit/review projects based on an annual risk assessment review. The Audit Committee will oversee the Internal Auditor's recommendations and the City's implementation of those recommendations to protect the City from potential fraud, waste and abuse of city resources and property.

Applicable Statute, Code, Policy, Rule or Regulation

Carson City Charter Chapter 3.075, Carson City Municipal Code 2.14.040

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: General Fund Internal Auditor / Professional Services

101-0800-415-03-09

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: \$110,000 has been budgeted for fiscal year 2019.

Alternatives

N/A

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)



Internal Audit Proposed Schedule for 2018-2019

Internal Audit Proposed Schedule	Budget Amount	Budget Hours
Risk Assessment Evaluation - Interviews with department directors/elected officials to perform update risk assessment to evaluate risks to the City	\$ 23,500	200
Accounts Receivable - Review of operations and internal controls	\$ 23,500	200
Contracts - Review of operations and internal controls	\$ 23,500	200
Fire Overtime Study - Review of operations and internal controls	\$ 23,500	200
Temporary Staffing Study - Review of operations and internal controls	\$ 23,500	200
Grants Review - Review of operations and internal controls surrounding the compliance of grants	\$ 23,500	200
Cybersecurity - Review of operations and internal controls	\$ 16,175	150
Follow-up on Prior Year Internal Audit Findings	\$ 9,500	100
Contingency	\$ 9,500	100