

Late Material:
Item number: 6B
Meeting Date: 10/03/2017

Carson City - Audit Findings Tracking Summary Report (revised 09-24-17)

Report Name	Report Submittal	BOS Report Approval	Reporting Entity	Report Findings	Completed Findings	AC Approval	BOS Approval	Notes
Internal Controls Review	3/31/15	6/4/15	Internal Auditor	42	41			1 new completed finding
Policy and Procedures Review	3/22/16		Internal Auditor	5	4			
Payroll Internal Controls Testing	7/27/16		Internal Auditor	2	1	8/8/16		1 new completed finding
P-card Internal Controls Testing	7/27/16		Internal Auditor	2		8/8/16		
Small Works Projects Review	2/17/17		Internal Auditor	4	3	2/14/17		3 new completed findings
Public Guardian Review	5/1/17		Internal Auditor	13	8	5/9/17		8 new completed findings
Purchasing and AP Internal Controls Testing	7/6/17		Internal Auditor	12	5	7/12/17		5 new completed findings
Total				173	155			

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
Purchasing AP Internal Controls Testing

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	12/31/17		
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	12/31/17		
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	12/31/17		
4			4	The general ledger accounting code on one invoice did not match the number on the edit list.	Emphasize the importance of reviewing account codes prior to approval of invoices.	Finance	CFO	The AP Processing policy in policytech states that the Finance Department Accounting Technician will "verify that the correct account number has been entered on the edit sheet." In addition, the policy includes a checklist that asks "has the account number been verified as correct?".			Y	Already in place prior to internal audit.		
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	12/31/17		
6			6	Complete and up-to-date documentation of purchasing authority was not maintained.	Develop and implement an ongoing process to ensure the accuracy and completeness of signature cards.	Finance	CFO	Signature cards will be reviewed and updated annually and when there are employee changes in Departments.			Y / Ongoing		July 17	
7			7	The City does not consistently utilize purchase orders in accordance with City policy.	Establish processes to strengthen controls around vendor spending.	Finance	CFO	A citywide Kaizen event for purchasing and contracts was held on Sept 29-30, 2016 and employees are required to review policytech policies annually. In addition, the purchasing and contracts administrator provides department wide training and 1 on 1 training for new employees. Lastly, the importance of obtaining purchase orders and contracts has been relayed to Department Directors at the bi-weekly staff meetings.			Y / Ongoing		July 17	

Carson City
Purchasing AP Internal Controls Testing

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
8			8	Purchases were made for services with no contract in place.	Re-emphasize the importance of establishing contracts with all vendors providing services.	Finance	CFO	A citywide Kaizen event for purchasing and contracts was held on Sept 29-30, 2016 and employees are required to review policytech policies annually. In addition, the purchasing and contracts administrator provides department wide training and 1 on 1 training for new employees. Lastly, the importance of obtaining purchase orders and contracts has been relayed to Department Directors at the bi-weekly staff meetings.			Y / Ongoing		July 17	
9			9	Required insurance documentation was not obtained for all relevant vendors.	Reiterate the importance of obtaining certificates of insurance for all relevant vendors.	Finance	CFO	Purchasing and contracts does not allow a contract to go out without the proper insurance in place. This finding was the result of departments failing to obtain a contract for services. A citywide Kaizen event for purchasing and contracts was held on Sept 29-30, 2016 and employees are required to review policytech policies annually. In addition, the purchasing and contracts administrator provides department wide training and 1 on 1 training for new employees. Lastly, the importance of obtaining purchase orders and contracts has been relayed to Department Directors at the bi-weekly staff meetings.			Y / Ongoing		July 17	
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.			N	12/31/17		
11			11	The completeness of all vendor files could not be readily assessed.	Continue ongoing efforts to maintain complete vendor files.	Finance	CFO	This finding relates to W-9's for vendors. The City has numerous vendors that have been doing business with the City for many years. Prior to 2016, vendor W-9's were maintained in hard copy and depending on when the document was received may be stored at an offsite facility. Beginning in 2016, the Finance Department began maintaining these documents electronically so they can be easily accessed. In addition, the department is working to ensure that W-9's received in hard copy for all existing vendors are available electronically.			P	3/31/18		
12			12	Adequate controls do not exist to prevent duplicate payments.	Develop and implement a process to prevent duplicate payments.	Finance	CFO	There is a duplicate payment report that is automatically printed by HTE during each check run or the p card monthly processing. There could be a duplicate payment entered for processing but it would be flagged and proper steps would be taken to avoid or correct the duplicate payment.			Y	Already in place prior to internal audit.		

Carson City
Public Guardian 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
1			1	There is minimal oversight of Public Guardian Activities.	Establish regular reporting by the Public Guardian to the Board of Supervisors.	Public Guardian	Public Guardian	The Public Guardian will present quarterly reports to the Board of Supervisors on the operations and status of cases at the Public Guardian's Office.			Y		9/7/17	
2			2	The Public Guardian could more efficiently utilize human and technological resources.	Increase the efficiency of the Department through distributing responsibilities and ensuring essential software is up-to-date.	Public Guardian	Public Guardian	The Public Guardian and her Deputy go to required meetings at the same time, meet new clients together and enter a clients home to ascertain any assets together. This is out of necessity as we have a very small staff. Other than these exceptions the Public Guardian and her Deputy work independent of each other and utilize interns and volunteer staff. An update to the main accounting program for this office was just purchased and installed with the help of the IT Department. The update for QuickBooks 2017 is now up and functioning.			Y		9/5/17	
3			3	The Public Guardian uses both electronic and paper files resulting in inefficiencies and potential difficulty locating important documents.	Develop an electronic document storage framework and process, and obtain adequate storage for paper files.	Public Guardian	Public Guardian	The Public Guardian's staff will meet with IT to ensure that a system is put into place to scan and store all documents going forward as well as existing files.			N	12/31/17		
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	10/31/17		
5			5	The Public Guardian does not maintain sufficient documentation to support asset disposition.	Document the decision to forfeit, demolish, donate, or sell ward assets using photographs and narrative accounts.	Public Guardian	Public Guardian	The Public Guardian's office has recently ordered and received Bill of Sale books to be used for all sales of protected person's assets. No sale will take place without a written record from these books.			Y		8/25/17	
6			6	The Public Guardian does not compile a complete inventory of ward assets, as required by State law.	Ensure that itemized inventories are compiled for all ward assets within 60 days of guardianship appointment, and implement an Inventory Tracking Form to track assets from the time of collection to the time sale proceeds are deposited into the ward's guardianship account.	Public Guardian	Public Guardian	The auditors provided this office with Inventory Tracking sheets which will be used for all protected persons with liquid assets.			Y		9/1/17	
7			7	In accordance with Court orders for guardianship, appraisals were waived for all wards in the review period.	For wards under full administration, ensure sellable assets are appraised to determine their anticipated value.	Public Guardian	Public Guardian	The Public Guardian's office is currently compiling a list of liquidators, antiques dealers, buyers of goods, etc in order to be consistent in obtaining fair market value and pricing for assets of protected persons. These vendors will be used to appraise items of value in the protected persons possession. There is new legislation pending that may effect this recommendation.			P		10/31/17	
8			8	With the exception of small items, the Public Guardian does not have a secure location to store assets pending sale.	Obtain a secure location to store ward assets pending sale, and ensure proper dual control entry requirements.	Public Guardian	Public Guardian	The City Manager is aware of the need for storage provided for the Public Guardian's use. I have suggested to have a portable storage container housed at the City Yard. To date I have had no word as to if that option is available.	??		N	12/31/17		Will review various storage options to determine if funding is available in the Public Guardian's Budget.

Carson City
Public Guardian 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
9			9	Assets were advertised to the public in accordance with Court orders.	Provide public notice for the sale of ward assets in accordance with Court orders and/or State law.	Public Guardian	Public Guardian	This is done through our attorney and is a mandatory activity through the court. There is new legislation pending that may effect this recommendation.			Y		Ongoing	
10			10	Liquidators are typically engaged on an ad-hoc basis, without written agreements defining commission percentages and sales processes.	Develop formal written agreements for the use of liquidators.	Public Guardian	Public Guardian	As policy the Public Guardian's office will require a formal written contract for all liquidators used in cleaning out homes of protected persons. There is new legislation pending that may effect this recommendation.			Y		9/1/17	
11			11	Fair market value may not be consistent. The Public Guardian does not always ensure market value is received for the sale of ward assets, vehicles, and personal property.	Use appraisals or estimated values to support sale prices and ensure fair negotiations with potential buyers.	Public Guardian	Public Guardian	The Public Guardian's office is currently compiling a list of liquidators, antiques dealers, buyers of goods, etc in order to be consistent in obtaining fair market value and pricing for assets of protected persons. There is new legislation pending that may effect this recommendation.			P	10/31/17		
12			12	Receipts for sale of personal property are not issued or maintained.	Issue and retain receipts for all items sold, including the itemized asset number.	Public Guardian	Public Guardian	The Public Guardian's office has recently ordered and received Bill of Sale books to be used for all sales of protected person's assets. No sale will take place without a written record from these books. There is new legislation pending that may effect this recommendation.			Y		8/25/17	
13			13	Deposits of sale proceeds are not always appropriately documented.	Ensure the timely deposit of sale proceeds into the guardianship account for each ward and record the item number in the deposit comment.	Public Guardian	Public Guardian	This recommendation is our policy but an error was made in the record that was audited. All proceeds from sales are deposited to the protected persons bank account as of the next business day.			Y		9/27/2017 - Ongoing	

Carson City
Small Works Projects 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
1			1	The interdivisional cost accounting policy is adequate, but opportunities for improvement still exist.	Revise the draft policy and procedures to include definitions, materiality, and standards for documentation.	Public Works	Public Works Director	Draft policy has been updated to include recommendations.			Y		Sept 2017	
2			2	A sample of 2016 interdivisional work orders adhered to the draft policy, but greater consistency could be achieved.	Public Works should ensure that the policy, including maintenance of sufficient documentation, is applied consistently across work orders.	Public Works	Public Works Director	Dashboard reporting set up in work order system; checked monthly for closed projects. Journal entries will be prepared for projects that cross divisions monthly. Per policy, reports maintained on coomputer drive.			Y		Sept 2017	
3			3	System limitations impact the City's ability to comprehensively document project results.	Utilize the new work order system to include narratives supporting work orders and interdivisional decisions.	Public Works	Public Works Director	Working with tech to verify system abilities.			N	12/31/17		
4			4	Regular reporting on interdivisional projects is not currently conducted.	Public Works should develop quarterly reports to ensure journal entries were entered correctly, sufficient documentation was provided, and identify potential opportunities for improvement.	Public Works	Public Works Director	Reports from accounting system to be run quarterly verifying Finance Department processed journal entry properly.			Y		Sept 2017	

Carson City
Payroll Internal Controls Testing

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	12/31/17		
2			2	System access was not deactivated for terminated employees.	When an employee is terminated, Human Resources should submit a ticket to IT the day of termination, and IT should deactivate access to the computer system within 24 hours. Additionally, perform a periodic review of system access (quarterly initially until consistently no issues and then annually) for terminated employees should be implemented to ensure the process is working.	IT / HR	CIO / HR Director	IT processes terminations within 24 hours of notice, which should come from the individual departments. This is done in accordance with the City's Termination Checklist. In addition, IT receives a bi-weekly report on terminations from HR to verify that access has been deactivated for these employees. In Policy Tech under "unacceptable behavior" or Public Works "Employee Exit Process – Termination", it states that the departments are to notify IT. Departments should use the Access Request form which has a section for removal to notify IT.			Y		12/31/16	

Carson City
P-card Internal Controls Testing

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.			N	12/31/17		
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.			N	12/31/17		

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
22	6/4/15	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.			Y	9/30/17	9/27/17	The Treasurer's Office has begun performing unannounced testing of cash controls.
32	6/4/15	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	12/31/17		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.

Carson City
Policy and Procedures 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
5					Consider revising the City's Municipal Code to shift some elements to policies.			The City has had discussions on this topic. Will work with the DA's Office on possible revisions to the municipal code.			P	Ongoing		City Staff are currently reviewing elements of the Municipal Code that can be shifted to City Policies.



Termination Checklist

Notify the Human Resources Department before termination

Prior to Termination

- Copy of timesheet and Status Change Form must be sent to HR immediately
- Obtain a copy of the employee's check from Finance
- Arrange to have a witness present during the termination

Facility & Equipment Security

- Security Badge returned (physically returned)
- Contact HR to disable badge functions
- Key(s) to building & office equipment/desk returned
- Cell phone returned, and (plan disabled) (check serial number)
- Portable handheld radio returned
- City vehicle (and all equipment on vehicle inventory)
- Vehicle Fuel Pin, have Fleet Manager disable it.

Phone system

- Contact IT to disable phone access
- Telephone Calling Card (GETS)
- Check voice mail messages, and then clear password and delete mailbox or have IT set-up responsible party to receive incoming e-mails and review e-mails in current in-box
- Remove from phone menu systems
- Delete from internal phone extension list

Computer information

- Contact IT to disable computer access
- Delete remote access passwords (DAC and any other previously authorized access)
- Manager to review local hard drive and delete/move files
- Delete user from network
- Verify Computer is returned (components w/serial numbers)
- iPad returned (check serial number) (data plan disabled)
- Remove from e-mail
- Remove from materials distribution lists

- Remove name from website
- Remove from any computer menu systems
- Get software (check serial numbers)
- Route U.S. mail to manager (delete from mail, routing/distribution lists)

City Credit Card (P-Card)

- P-Card returned
- Card disabled/canceled

Office Area

- Office area (physical) cleaned out by manager (e.g., clean desk, supplies, paperwork, files, etc.)
- Company supplies returned (verify that desk contains only standard office supplies) such as: stapler, tape dispenser, paper clips, pens, pencils, scissors, notepad, post-it notes, highlighter, staple puller, ruler, file folders, hanging files
- Obtain all project materials and files from employee
- Remove nameplate
- Obtain manuals, books or other items that belong to the City.

HR information

- Pull non-disclosure agreement & provide a copy to the employee as a reminder if employed in sensitive area or confidential employee.
- Ensure we have current address and phone information. Provide employee with exit paperwork from HR.
- Send to HR if they have insurance questions. Insurance is good through the end of the month.