



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 06/16/16

Staff Contact: Nancy Paulson , Chief Financial Officer (npaulson@carson.org), Michael Bertrand, Audit Committee Chairman

Agenda Title: For Possible Action: Action to accept the Audit Committee's recommendations for projects for FY 2016 - 2017 to include Small Works Projects Review, Procurement Testing, IT Controls Testing, Ongoing Internal Auditor Services, Audit Findings Validation, Fraud Waste and Abuse (FWA) Program Coordination, Performance Metrics Validation and a contingency amount. (Nancy Paulson, npaulson@carson.org)

Staff Summary: Moss Adams made recommendations to the Audit Committee at their June 7, 2016 meeting for future projects. The Committee is recommending to the Board of Supervisors that Moss Adams perform Small Works Projects Review, Procurement Testing, IT Controls Testing, Ongoing Internal Auditor Services, Audit Findings Validation, Fraud Waste and Abuse (FWA) Program Coordination, and Performance Metrics Validation. The Committee is also recommending maintaining a contingency in the amount of \$15,000.

Agenda Action: Formal Action/Motion

Time Requested: 5 minutes

Proposed Motion

I move to accept the Audit Committee's recommendations for projects for FY 2016 - 2017 to include Small Works Projects Review, Procurement Testing, IT Controls Testing, Ongoing Internal Auditor Services, Audit Findings Validation, Fraud Waste and Abuse (FWA) Program Coordination, Performance Metrics Validation and a contingency amount.

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

N / A

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: General Fund, Internal Audit Department, Account #101-0800-415-03-09.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: \$110,000 budgeted for FY 17.

Small Works Projects Review - \$30,000

Procurement Testing - \$15,000

IT Controls Testing - \$15,000

Ongoing Internal Auditor Services - \$10,000

Audit Findings Validation - \$10,000

FWA Program Coordination - \$5,000

Performance Metrics Validation - \$10,000

Contingency - \$15,000

Alternatives

Do not accept the recommendations and/or make different recommendations.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)



Carson City

FY 16-17 Internal Audit Program
Board of Supervisors Meeting
June 16, 2016

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

AGENDA

- I. Introduction
- II. Internal Audit Program Components
- III. Internal Audit Program Review
- IV. FY 16-17 Internal Audit Plan

I. INTRODUCTION

- The City retained Moss Adams LLP to serve as the designated City Auditor and conduct projects focusing on:
 - Efficiency and effectiveness
 - Management reviews
 - Best practices
 - Compliance
- Work is being completed under the standards from the Institute of Internal Auditors (IIA) and the AICPA's consultancy standards

II. INTERNAL AUDIT PROGRAM COMPONENTS

Internal Audit

Risk/Opportunity
Improvement
Assessments

Performance
Audits

Internal
Controls
Reviews

Areas of Focus: accounting and financial reporting, asset management, capital programs, compliance, economics and funding, fraud, governance, human resources, internal controls, maintenance and operations, management, operations and service delivery, organization and staffing, processes and procedures, procurement, public safety, risk management, and technology

III. INTERNAL AUDIT PROGRAM REVIEW

<u>Project</u>	<u>Results</u>
• Risk Assessment	Guided future projects
• Public Defender Study	No action taken
• Eagle Valley Golf Study	Resolved revenue issue
• Community Facilities Study	13 of 15 findings completed
• Fleet Efficiency Study	24 of 24 findings completed
• Fleet Utilization Study	12 of 12 findings completed
• FWA Program Development	11 reports to date
• Performance Metrics	CMO implementing PMS

III. INTERNAL AUDIT PROGRAM REVIEW (CONT.)

<u>Project</u>	<u>Results</u>
• Employee Efficiency Study	24 of 27 findings completed
• Internal Controls Review	29 of 41 findings completed
• Strategic Planning	Plan adopted by BOS
• Policies/Procedures Update	City developing implementation plan
• Cash Handling Improvement	City developing implementation plan
• Payroll Testing	Moss Adams completing project
• P-Card Testing	Moss Adams completing project

IV. FY 16-17 INTERNAL AUDIT PLAN

1. Small Works Projects Review	\$30,000
2. Procurement Testing	\$15,000
3. IT Controls Testing	\$15,000
4. Performance Metrics Validation	\$10,000
5. Ongoing Internal Auditor Services	\$10,000
6. Audit Findings Validation	\$10,000
7. FWA Program Coordination	\$5,000
8. Contingency	<u>\$15,000</u>
Total Budget	\$110,000

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

1. Small Works Projects Review: Review a sample of project to assess documentation, administration, and cost allocation processes (12 weeks, \$30,000)
2. Procurement Testing: Sample and test procurements for a three month period for compliance with policies and procedures (10 weeks, \$15,000)
3. IT Controls Testing: Sample and test controls for system access setup, ongoing controls, and closeout (10 weeks, \$15,000)
4. Performance Metrics Validation: At the direction of the Audit Committee, perform validation of performance targets and/or performance results (52 weeks, \$10,000)

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

5. Ongoing Internal Auditor Services: Attend Audit Committee and Board of Supervisors (BOS) meetings; track City responses to audit findings and recommendations (52 weeks, \$10,000)
6. Audit Findings Validation: Review information provided by the City to validate that completed findings were implemented as reported and adequately addressed findings (52 weeks, \$10,000)
7. Fraud, Waste, and Abuse (FWA) Program Coordination: Perform duties such as reviewing and investigating hotline calls, overseeing the distribution of response activities, coordinating with staff, and reporting FWA activities to the Audit Committee and BOS (52 weeks, \$5,000)

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

#	Process	Fees	7-9/15	10-12/15	1-3/16	4-6/16
1	Small Works Projects Review	\$30,000				
2	Procurement Testing	\$15,000				
3	IT Controls Testing	\$15,000				
4	Performance Metrics Validation	\$10,000				
5	Ongoing Internal Auditor Services	\$10,000				
6	Audit Findings Validation	\$10,000				
7	FWA Program Coordination	\$5,000				
8	Contingency	\$15,000				
	Total	\$110,000				