



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 08/03/17

Staff Contact: Nancy Paulson , Chief Financial Officer (npaulson@carson.org)

Agenda Title: For Possible Action: To accept the Audit Committee's recommendations for projects for FY 2018 to include Grants Internal Control Testing, Large Public Works Projects Review, IT Security Review, Performance Metrics Validation, Public Guardian Follow Up, Ongoing Internal Auditor Services, Audit Findings Validation, and Fraud Waste and Abuse (FWA) Program Coordination. (Nancy Paulson, npaulson@carson.org)

Staff Summary: Moss Adams made recommendations for future projects to the Audit Committee at their July 12, 2017 meeting. The Committee is recommending to the Board of Supervisors that Moss Adams perform Grants Internal Control Testing, Large Public Works Projects Review, IT Security Review, Performance Metrics Validation, Public Guardian Follow Up, Ongoing Internal Auditor Services, Audit Findings Validation, and Fraud Waste and Abuse (FWA) Program Coordination.

Agenda Action: Formal Action/Motion

Time Requested: 15 minutes

Proposed Motion

I move to accept the Audit Committee's recommendations for projects for FY 2018 to include Grants Internal Control Testing, Large Public Works Projects Review, IT Security Review, Performance Metrics Validation, Public Guardian Follow Up, Ongoing Internal Auditor Services, Audit Findings Validation, and Fraud Waste and Abuse (FWA) Program Coordination.

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 18.

Grants Internal Control Testing - \$30,000
Large Public Works Projects Review - \$30,000
IT Security Review - \$10,000
Performance Metrics Validation - \$5,000
Public Guardian Follow Up - \$5,000
Ongoing Internal Auditor Services - \$10,000
Audit Findings Validation - \$15,000
FWA Program Coordination - \$5,000

Alternatives

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

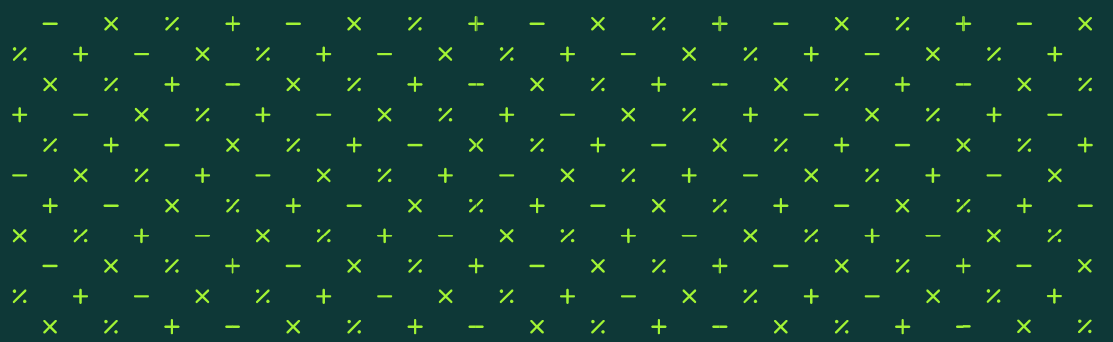
Board Action Taken:

Motion: _____

1) _____
2) _____

Aye/Nay

(Vote Recorded By)



Carson City FY 17-18 Internal Audit Program

Board of Supervisors Meeting

August 3, 2017



Overview

- I. Introduction
- II. Internal Audit Program Components
- III. Internal Audit Program Review
- IV. FY 17-18 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 AICPA's consultancy standards and standards from the Institute of Internal Auditors (IIA)



II. Internal Audit Program Components

Internal Audit

Risks

Internal Controls

Compliance

Performance

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

Project

- Risk Assessment
- Public Defender Study
- Eagle Valley Golf Study
- Community Facilities Study
- Fleet Efficiency Study
- Fleet Utilization Study
- FWA Program Development

Results

Guided future projects

No action taken

Resolved revenue issue

15 of 15 findings completed

24 of 24 findings completed

12 of 12 findings completed

12 reports to date



III. Internal Audit Program Review (cont.)

Project

- Performance Metrics
- Employee Efficiency Study
- Internal Controls Review
- Strategic Planning
- Policies/Procedures Update
- Cash Handling Improvement
- Payroll Testing

Results

CMO implementing PMS
27 of 27 findings completed
40 of 42 findings completed
Plan adopted by BOS
4 of 5 findings completed
City is implementing changes
2 findings



III. Internal Audit Program Review (cont.)

Project

- P-Card Testing
- Small Works Projects Review
- Public Guardian Review
- Procurement Testing

Results

2 findings

4 findings

13 findings

15 findings



IV. FY 17-18 Internal Audit Plan

| | |
|---------------------------------------|----------------|
| 1. Grants IC Testing | \$30,000 |
| 2. Large Public Works Projects Review | \$30,000 |
| 3. IT Security Review | \$10,000 |
| 4. Performance Metrics Validation | \$5,000 |
| 5. Public Guardian Follow Up | \$5,000 |
| 6. Ongoing Internal Auditor Services | \$10,000 |
| 7. Audit Findings Validation | \$15,000 |
| 8. FWA Program Coordination | <u>\$5,000</u> |
| Total Budget | \$110,000 |



IV. FY 17-18 Internal Audit Plan (cont.)

1. Grants Management IC Testing: Test compliance with grants management policies and procedures, including some travel expenses (12 weeks, \$30,000)
2. Large Public Works Projects Review: Review a sample of projects to assess documentation, administration, and cost allocation processes (12 weeks, \$30,000)
3. IT Security Review: Conduct a high-level review of current activities to achieve IT security (8 weeks, \$10,000)
4. Performance Metrics Validation: At the direction of the Audit Committee, perform validation of performance targets and/or performance results (52 weeks, \$5,000)



IV. FY 17-18 Internal Audit Plan (cont.)

5. Public Guardian Follow Up: Review progress implementing Public Guardian Review recommendations (10 weeks, \$5,000)
6. 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)
7. Audit Findings Validation: Review information provided by the City to validate that completed findings were implemented as reported and adequately addressed findings (52 weeks, \$15,000)
8. 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 17-18 Internal Audit Plan (cont.)

| # | Project | Fees | 7-9/17 | 10-12/17 | 1-3/18 | 4-6/18 |
|---|------------------------------------|------------------|--------|----------|--------|--------|
| 1 | Grants Management IC Testing | \$30,000 | | | | |
| 2 | Large Public Works Projects Review | \$30,000 | | | | |
| 3 | IT Security Review | \$10,000 | | | | |
| 4 | Performance Metrics Validation | \$5,000 | | | | |
| 5 | Public Guardian Follow Up | \$5,000 | | | | |
| 6 | Ongoing Internal Auditor Services | \$10,000 | | | | |
| 7 | Audit Findings Validation | \$15,000 | | | | |
| 8 | FWA Program Coordination | \$5,000 | | | | |
| | Total | \$110,000 | | | | |





The material appearing in this presentation is for informational purposes only and is not legal or accounting advice. Communication of this information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although these materials may have been prepared by professionals, they should not be used as a substitute for professional services. If legal, accounting, or other professional advice is required, the services of a professional should be sought.