STAFF REPORT

Report To:	**Meeting Date:**
Staff Contact:	Sheri Russell, Chief Financial Officer (srussell@carson.org)
Agenda Title:	For Possible Action: Discussion and possible action regarding recommendations of the Carson City Audit Committee to approve the completed remediation plans and remove findings from the Audit Findings Tracking Summary Report. (Sheri Russell, srussell@carson.org)
	Staff Summary: The completed remediation plans for various recommendations and findings have been presented and approved by the Audit Committee. Upon approval by the Board of Supervisors, the completed recommendations and findings will be considered closed and removed from the Audit Findings Tracking Summary Report maintained by the internal auditor and City staff.
Agenda Action:	Formal Action / Motion **Time Requested:** 15 Minutes

Proposed Motion
I move to approve the Audit Committee's recommendation as presented.

Board's Strategic Goal
Efficient Government

Previous Action
N/A

Background/Issues & Analysis
Eide Bailly has been contracted by Carson City to provide internal auditor services starting July 1, 2018 through June 30, 2022.

Staff has addressed the recommendations and/or findings contained in the Audit Findings Tracking Summary Report with remediation plans. The internal auditor has validated as requested remediation plans, and the Audit Committee is recommending closure of the following findings:

-Temporary Staffing - Item #1 (Final Item)
-Cash Handling - Item #17 (Final Item)
--Social Media - All remaining items, with the exception of #13
-Fleet Management Audit - Item #2 and #4 through #6 are recommended for Closure
-Revenue and Accounts Receivable Audit - Items #2 & #3

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

Financial Information
Is there a fiscal impact? No

If yes, account name/number:

Is it currently budgeted?

Explanation of Fiscal Impact:

Alternatives
Do not accept the recommendations and/or provide alternative direction.

Attachments:
Audit Findings Summary 6-22-21.pdf

Board Action Taken:
Motion: _____   1) _____   Aye/Nay
                                  2) _____   _____
                                                                 _____
                                                                 _____
                                                                 _____
                                                                 _____

_____
        (Vote Recorded By)

Carson City - Audit Findings Tracking Summary Report (revised 6-22-21)

Report Name	Report Submittal	AC/BOS Report Approval	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	15			
Community Facility Cost Recovery Eagle Valley Golf Course	10/3/2012	5/16/2013	Internal Auditor	4	4			
Fleet Management Efficiency Study	6/22/2013	7/18/2013	Internal Auditor	24	24			
Fleet Utilization Study	1/30/2014	4/3/2014	Internal Auditor	12	12			
Employee Efficiency Study	11/25/2014	12/4/2014	Internal Auditor	27	27			
Internal Controls Review	3/31/2015	6/4/2015	Internal Auditor	42	42	4/21/2015	11/15/2018	
Policy and Procedures Review	3/22/2016		Internal Auditor	5	5		12/21/2017	
Payroll Internal Controls Testing	7/27/2016	12/21/2017	Internal Auditor	2	2	8/8/2016	11/15/2018	
P-card Internal Controls Testing	7/27/2016	12/21/2017	Internal Auditor	2	2	8/8/2016	11/15/2018	
Small Works Projects Review	2/17/2017	12/21/2017	Internal Auditor	4	4	2/14/2017	12/21/2017	
Public Guardian Review	5/1/2017	12/21/2017	Internal Auditor	13	13	5/9/2017	11/15/2018	
Purchasing and AP Internal Controls Testing	7/6/2017	12/21/2017	Internal Auditor	12	12	7/12/2017	11/15/2018	
HTE Access Controls Testing	9/26/2017	12/21/2017	Internal Auditor	7	7	10/3/2017	12/21/2017	
FY 2014 CAFR	12/18/2014	12/18/2014	External Auditor	5	5	3/22/2016	12/18/2014	
FY 2015 CAFR	12/17/2015	12/17/2015	External Auditor	5	5	3/22/2016	12/17/2015	
Capital Projects Process Review	5/3/2018	8/20/2020	Internal Auditor	8	8	6/15/2020	8/20/2020	
Public Guardian Follow Up Review	5/3/2018	3/7/2019	Internal Auditor	8	8	5/10/2018	3/7/2019	
FY 2017 CAFR and Single Audit	11/30/2017	12/21/2017	External Auditor	4	4	5/10/2018	8/20/2020	
FY 2018 CAFR and Single Audit	12/6/2018	12/6/2018	External Auditor	3	3	6/15/2020	8/20/2020	
Temporary Staffing Audit	5/9/2019	5/6/2019	Internal Auditor	5	4	6/22/2021	10/3/2019	All except Item #1 are closed
Fire Department Overtime Audit	5/9/2019	10/3/2019	Internal Auditor	2	2	5/9/2019	10/3/2019	
FY2019 CAFR and Single Audit	12/5/2019	12/5/2019	External Auditor	1	1	6/15/2020	8/20/2020	
Cash Handling 2019	12/3/2019	1/6/2020	Internal Auditor	20	19	6/22/2021	8/20/2020	All except item #17 are closed
Social Media Study	11/25/2019	1/6/2020	Internal Auditor	13	3	6/22/2021	8/20/2020	Only items 1, 2 & 9 were closed
HR Administration - Eligible EE Group Ins.	12/3/2019	1/6/2020	Internal Auditor	4	4	6/15/2020	8/20/2020	
AP and P-Card Audit Program	4/1/2020	3/4/2021	Internal Auditor	4	4	8/4/2020	3/4/2021	
IT Volatility Audit	10/30/2020		Internal Auditor	10				
Fleet Audit	3/30/2021		Internal Auditor	6		6/22/2021		
Revenue and Receivables Audit	5/25/2021		Internal Auditor	3		6/22/2021		
Total (including archived reports)				262	239			

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

Finding Corrected?

Y	Findings Addressed - project closed
P	Partially Addressed items
N	Not yet addressed
Y	For Discussion today

Item No.	BOS Closure	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	Auditor Validation (Y,N)	Status Comments
1		We recommend the City conduct further evaluation by legal professional on the legal risks identified from this internal audit. "We noted Department of Labor considerations which may indicate an "employment relationship" between Carson and temporary employees.			Carson City District Attorney's Office is researching the any possible legal issues with hiring temporary employees through Marathon.	$ -	0	*Y*	6/30/2021			DA has performed some research; however, the DA is still looking into the legal distinction between Temporary and Permanent employees. The DOL Fact Sheet on an "Employee Relationship" under the FLSA refers to distinguishing independent contractors and employees, which is not the same distinction here. **UPDATE:** The Carson City District Attorney's Office has reviewed the legal concerns elucidated in the internal audit and has not found that the concerns expressed expose Carson City to any current legal risk associated with hiring temporary employees.

Carson City
Cash Handling Audit 2019
December 3, 2019

Item No.	BOS Closure	Finding/Recommendation	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Auditor Validation (Y,N)	Status Comments
17		Cash handlers are subject to unannounced audits by the Treasurer's Office on an annual basis in those departments/areas where they maintain petty cash and/or change funds. However, this has not occurred since 2017, which is out of compliance with the City's Cash Handling Policy.	In accordance with the City's Cash Handling Policy, the Treasurer's Office should resume the annual surprise cash audits to ensure cash handling procedures are being followed throughout the departments.	$ -	0	*Y*	6/30/2021	3/23/2021		Treasurer's will resume the surprise cash audits in the Spring of 2021. The City has several software conversions taking place across City departments so we will resume the surprise cash audits after each Department has started using their new software and any resulting new procedures are in place. **UPDATE:** COVID-19 became a factor this spring, and Treasurer's thought it prudent, not to visit other departments. **UPDATE:** Treasurer will be performing an on site Cash Audit this week.

Item No.	BOS Closure	Recommendation	Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Auditor Validation (Y,N)	Status Comments
3		We reviewed the citywide Social Media policy on PolicyTech which states, "Departments wishing to create and manage department specific social media assets,…should fill out a Social Media Asset Form (available on CCNET) and submit if for approval by the City Manager." However, this policy was not enforcement, which increases the risk to the City, as the social media site may not be administered or monitored in accordance with the citywide policy.	Evaluate enforcement practices related to non-compliance with the City's Social media policy and document the approach.	*Y*	2/28/2021	3/5/2021		CIO and Digital Media Coordinator will evaluate enforcement practices. UPDATE: The process for enforcement is depicted in the policy, which is being reviewed by the DA's office. UPDATE: The DA's Office approved the process for enforcement. This process is currently in practice. - RS
4		Social media site created without a formal request or approval obtained. We compared the current social media policy on PolicyTech to the draft version of the policy being updated and noted one area that should be included in the updated policy. The updated policy needs the method or methods for which the departments would obtain approval from the City Manager prior to creating a social media site.	Formalize the social media request and approval process prior to creating a new site.	*Y*	2/28/2021	3/5/2021		CIO, Digital Media Coordinator, and District Attorney's Office will update Social Media Policy and provide to CM for review. UPDATE: Final Approvals done, complete.
5		Risks of employee's access to social media sites while on the City's network and personal mobile devices has not been addressed in the Unacceptable Behavior policy.	Update the unacceptable behavior policy.	*Y*	4/8/2021			HR Director will update policy as proposed and CM will review and approve. NOTE: Regarding 1st Amendment rights by accepting public employment the U.S. Supreme Court has found that citizens do not surrender their rights. However, an employer can impose certain restraints so long as the restrictions are based upon the government's interest in "promoting efficiency and integrity in the discharge of official duties and maintaining proper discipline in the public service." UPDATE: Policy Final Approval completed on 4/8/2021
6		Risks of employee's access to social media sites while on the City's network and personal mobile devices has not been addressed in the Computer Resources Usage policy.	Update the Computer Resources Usage Policy to include Employee personal use of social media using City devices and for business purposes using personally owned devices.	*Y*	4/21/2021			HR Director will update policy as proposed and CM will review and approve. UPDATE: Policy Final Approval completed on 4/21/2021
8		CCHHS department Marketing and Communications Procedures have several best practices including, content approval hierarchy, a style guide, and templates. However, the policy does not include controls over social media communications such as monitoring, archiving, and site removal.	Departments should update their social media policies to ensure they align with and refer to the Citywide Policy.	*Y*	4/21/2021	3/5/2021		CIO and Digital Media Coordinator shall review each departments social media polies and forward recommendations to the department director. UPDATE: All departments fall under the scope of the final social media policy, and are enrolled in the digital media archiving and monitoring system.
10		Social media archiving is likely not in compliance for those departments not actively monitored by the Digital Media Coordinator and the City's software - ArchiveSocial.	All deleted comments should be properly archived with comments.	*Y*	4/21/2021	3/5/2021		CIO, Digital Media Coordinator, and District Attorney's Office will update Social Media Policy and provide for CM for review. UPDATE: All departments fall under the scope of the final social media policy, and are enrolled in the digital media archiving and monitoring system.

11		The Digital Media Coordinator is responsible for the creation of the majority of the social media content and monitoring. As the number of the City's social media accounts continue to grow so do the comments and followers. As such, the need for more moderation and department interaction also continues to rise.	Recommend the City acquire the risk management and analytics suite of the current ArchiveSocial software to assist in the use of automated monitoring, analysis and alerts to violation of City policy.	*Y*	3/31/2021	3/5/2021		CIO will provide cost estimate for risk management and analytics suite of the current ArchiveSocial Software for FY 21 budge cycle. - NOTE that recent court cases have found government social media accounts to be "designated pubic forums", meaning that individuals have a 1st amendment right to comment on government social media pages. However restrictions are permitted where they are viewpoint neutral and reasonable. To implement these restrictions, there must be an explicit policy indicating the government intent to restrict the forum to certain topics. Where the social media policy allows for departments to delete certain comments, clear guidelines will be needed. Additionally I would recommend disclaiming on the individual social media page what the purpose of the page is to limit the scope of the forum and disclaiming which types of comments will not be permitted. - **UPDATE:** Software for Archiving Social Media was purchased on August 30th. UPDATE: All the collected, stored, and managed social media sites currently display their purpose and a link to the finalized social media policy, in addition, a portion of the policy is displayed disclaiming what types of comments may authorize City intervention for removal. Complete	
12		Currently, the communications function is handled primarily by the Digital Media Coordinator, which has one staff member who splits their time doing other IT activities. An effective public information program relies in part upon timely information from City staff about upcoming projects, programs and services. For greater effectiveness and efficiency in informing the public, more employees should be solely dedicated to communications and its practices.	Determine duties regarding who is responsible for content and monitoring of such content.	*Y*	12/30/2020	3/5/2021		CM will meet with Department Directors to discuss the possibility of partially shifting content creation down to the department level which could allow for more timely content, responses, and relevant information. Additionally, Dept. Directors' responsibility for the detailed oversight and monitoring of the department's social media accounts will be incorporated into the Social Media Policy within the timeframes Stated above. **UPDATE:** The full scope of the responsibilities departments have in relation to media content creation and monitoring have been expressed in the social media policy and are in practice. Complete	
13		The City does not have an Information Security Response Plan	Create a Information Security Response Plan to include procedures for responding to security incidents, communication protocol and determine system impact.	N	6/30/2021			CIO will create an Information Security response Plan.	

Item No.	BOS Closure	Recommendation	Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Auditor Verified? (Y, N)	Status Comments
		NOTE: 12 Findings - External						
1		Update all systems that are currently running on outdated software: Lack of support implies that no new security patches for the product will be released by the vendor. As a result, the unsupported operating systems are likely to contain vulnerabilities. These systems should either be updated to run a supported operating system or shut down in order to protect the security, availability, and integrity of Carson City's perimeter network.	Staff is actively working on updating outdated systems and adjusting operations to be in line with industry best practices, such as automatic updates based on how critical a system is. Some legacy systems that cannot be updated will be isolated using a combination of identity based access rules and network security zones to mitigate the risk of their ongoing operation. Some of these systems may be decommissioned if our customer agency's business needs support this outcome. This will increase security, availability, and integrity of Carson City's infrastructure and data.	P	5/1/2021			Date changed from 2/1/2021 to 5/1/2021 due to resource constraints. 12 of 13 external vulnerabilities reported have been resolved or scheduled to be resolved by 5/1/2021. In addition, recent critical Microsoft Exchange vulnerabilities were resolved within 24 hours of being announced. Staff will update the audit committee with the actual number resolved at the meeting on 3/30/2021.
2		System hardening processes should be in place across all systems: Misconfiguration and insecure deployment issues were discovered across various systems. The vulnerabilities that arose can be mitigated through the use of change control processes on all systems.	Most issues identified in the external test were expected. Some sites do not use encryption as they don't warrant it with their purpose, others host apps that there are very few options for replacing/updating. Staff has implemented system hardening processes on many systems and will continue to expand on those efforts. Staff is working towards robust change management procedures that could prevent a misconfiguration from occurring as a standard risk management step. Staff's current approach requires a scope of work and review by at least two employees when performing work on critical infrastructure.	P	6/1/2021			Staff has continued to make progress on system hardening and change management including the use of automated deployment tools and templates. Work is being conducted to update patch deployment systems.
3		Web development processes: Ensure coding of website and web applications follow OWASP standards. The OWASP Top 10 is a standard awareness document for developers and web application security. Carson City should adopt this document and start the process of ensuring that their web applications minimize these risks.	External findings that would fall under OWASP guidelines are Commercial Off The Shelf (COTS) applications under which the City has little control over development. The City can add OWASP as a procurement requirement for COTS applications, however this may limit the scope and range of options for the City as a whole when considering vendors of specialized software, such as the software from which this item stems. Staff will review this recommendation and consider how to implement it.	N	6/1/2021			Changed date from 3/1/2021 to 6/1/2021. Staff does not have the recommendation yet, but has begun to approach new vendors with this requirement.
4		Recommend remediation scanning be performed: Based on the number of issues identified we would recommend Carson City IT staff work toward remediating issues working on the most critical items first. Retesting should be performed within 6 months of this report.	Carson City systems are regularly scanned and most by MS-ISAC / CIS as part of a federal program intended to harden local government systems. Most issues identified by the external audit were also identified by the MS-ISAC / CISC scanning effort and were known/expected. Staff will either remediate or document exceptions to all findings.	P	9/1/2021			Date changed from 1/1/2021 to 9/1/2021. In the December 2020 Audit Committee meeting, it was decided to re-test in August 2021.
		NOTE: 103 - Internal						
1		Update all systems that are currently running on unsupported operating systems: Lack of support implies that no new security patches for the product will be released by the vendor. As a result, the unsupported operating systems are likely to contain security vulnerabilities. These systems should either be updated to run a supported operating system or shut down in order to protect the security, availability, and integrity of Carson City's infrastructure and data.	Staff is actively working on updating outdated systems and adjusting operations to be in line with industry best practices, such as automatic updates based on how critical a system is. Some legacy systems that cannot be updated will be isolated using a combination of identity based access rules and network security zones to mitigate the risk of their ongoing operation. Some of these systems may be decommissioned if our customer agency's business needs support this outcome. This will increase security, availability, and integrity of Carson City's infrastructure and data.	P	8/1/2021			Date changed from 2/1/2021 to 8/1/2021. The work to mitigate the 103 internal vulnerabilities has turned out to be much more than originally thought. Staff expects to be able to demonstrate significant progress at the time of the re-test in August 2021.

#								
2		Implement and enforce implementation of change control across all systems: Misconfiguration and insecure deployment issues were discovered across various systems. The vulnerabilities that arose can be mitigated through the use of change control processes on all systems.	Most issues identified in the external test were expected. Some sites do not use encryption as they don't warrant it with their purpose, others host apps that there are very few options for replacing/updating. Staff has implemented system hardening processes on many systems and will continue to expand on those efforts. Staff is working towards robust change management procedures that could prevent a misconfiguration from occurring as a standard risk management step. Staff's current approach requires a scope of work and review by at least two employees when performing work on critical infrastructure.	P	6/1/2021			Staff has continuing making progress on system hardening and change management including the use of automated deployment tools and templates. Work is being conducted to update patch deployment systems.
3		Implement a patch management program: Operating a consistent patch management program per the guidelines outlined in NIST SP 800-40 is an important component in maintaining good security posture. This will help to limit the attack surface that results from running unpatched internal services.	Staff has deployed tools such as inventory, deployment, and recently endpoint management software (EMS) to assist with this effort. Inventory and deployment systems allow staff to track and update software. EMS allows staff to scan endpoints for known security issues that require a patch and force the patch to be installed as part of network policy. Staff is continually working towards further automating and integrating these tools into our workflow. At last count our inventory of applications has more than 6251 software packages and components, which makes this an evergreen maintenance item for staff, requiring much in the way of time and resources.	P	8/1/2021			Date changed from 4/1/2021 to 8/1/2021. Staff expects to be able to demonstrate significant progress at the time of the re-test in August 2021.
4		Change default credentials upon installation: To reduce the risk of security breaches through default credentials which have been left configured on network devices, it's best to implement a process to change the passwords, and if possible, account names, when new equipment is installed.	Staff will change the identified systems with default credentials where possible. Some examples identified by the audit do not support credentials for their regular operation. For these devices, staff is working towards isolating in a similar fashion to devices that cannot be reasonably patched as a compensating control.	P	9/1/2021			Staff expects to be able to demonstrate significant progress at the time of the re-test in August 2021.
5		Conduct regular vulnerability assessments: As part of an effective organizational risk management strategy, vulnerability assessments should be conducted on a regular basis. Doing so will allow the organization to determine if the installed security controls are installed properly, operating as intended, and producing the desired outcome. Consult NIST 800-30 for guidelines on operating an effective risk management program	Staff believes that regular third party auditing of IT systems is valuable and will contribute to increased security of Carson City systems and data. Performing audits such as this one regularly would likely require additional resources to obtain the audit and then act upon the results of the audit in a timely fashion.	N	9/1/2021			Date changed from 7/1/2021 to 9/1/2021. In the December 2020 Audit Committee meeting, it was decided to re-test in August 2021.
6		Recommend remediation scanning be performed: Based on the number of issues identified we would recommend Carson City IT staff work toward remediating issues working on the most critical items first. Retesting should be performed within 6 months of this report.	Some issues identified in this report require a small effort to remediate and staff will remediate them in a timely fashion. Others are systemic issues that have already been identified by staff and require large-scale efforts to address in the long term. Additional resources would contribute towards addressing all of the identified issues in a more timely fashion.	P	1/1/2022			Staff expects to be able to demonstrate progress at the time of the re-test in August 2021. A recent critical Windows Domain vulnerability was resolved within 10 hours of it being announced. Many of the critical and high vulnerabilities that were identified in the audit have to do with legacy systems that are still running and can't be updated. IT will need to work with the business users to address these, which will take significant time. The preferred way to address these would be to migrate the needed data off of the unsupported systems to supported systems.

Note: In this audit staff gave maximum access to the auditors to simulate an attacker gaining access to a sensitive area of the network. Many of the identified issues were discovered because we bypassed our usual security controls to allow the penetration tester greater access. The findings are valuable, but do not necessarily represent vulnerabilities that could be exploited from any part of the City network.

Item No.	BOS Closure	Recommendation	Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Auditor Verified? (Y, N)	Status Comments
1		FINDING 1 - Inventory Security and Tracking: RECOMMENDATION: Short-term solution - restrict access to Inventory to Fleet Services personnel by installing facility locks if feasible. Long-term solution - incorporate a tracking mechanism by implementing parts tracking sheet where Fleet personnel can sign, date, and identify the parts used and removed from inventory. Consider bar code technology or one designated Fleet Technician responsible for tracking fleet.	This was a recommendation in the last Internal Audit as well. The Fleet Facility is secured within the Public Works Corporate Yard and restricted to badge-only access. To date, there is no known instance of inventory loss; however, management agrees that there are opportunities to reduce risk and improve security over inventory. Management will submit a supplemental budget request for the position with the FY22 budget requests for consideration by the Board of Supervisors.	P	1/31/2022	7/1/2021		Tracking sheet has been implemented. Facilities Division is installing additional restrictions on inventory access concurrent with hiring of Fleet Warehouse Coordinator (new FY22 position). Anticipated to be completed August 2021. **STATUS:** Requested Internal Audit Validation once position is up and running (5-6 Months).
2		FINDING 2 - Segregation of duties related to live check handling. RECCOMENDATION: City's Accounts Payable Department instruct the auction company to send all check payments directly to the City's Treasurer, and no longer send the check to Fleet Services.	Management agrees with this recommendation. Starting with the next auction (spring of FY21), live check payments will be directed to the Carson City Treasurer's Office.	*Y*	4/30/2021	4/30/2021		Corrected Easy Fix, just contacted the Auction, and changed the remittance address, so now Treasurer will get the check directly.
3		FINDING 3 - Asset Utilizations Reviews RECOMMENDATION: We recommend that the Fleet Department review the Low Usage Asset Report at least annually prior to fiscal year end to identify opportunities for asset re-assignments on an annual basis.	Management agrees with this recommendation. This review will be conducted annually moving forward. Fleet utilization reports will be generated at the end of each fiscal year, as close to June 30 as it is practical.	P	9/7/2021			This has been scheduled. Annual utilization will be pulled on June 30, 2021 for review of low usage vehicles. **STATUS:** Requested Validation that utilization reports were completed at year end.
4		FINDING 4 - Monitoring for Driving Violations RECOMMENDATION: Fleet management should perform a cost benefit analysis to determine whether the City should purchase and install GPS devices on all City vehicles or just those with high annual usage.	Management believes the current approach of rotating limited GPS devices through vehicles has been a cost effective solution and does not feel that additional efforts need to be made at this time. (New GPS devise require a monthly service fees for each device.) The City experiences a very low instance of accident/crashes in City vehicles or known instances of violations. Fleet will continue to monitor accidents and violations in the future and pursue if necessary, at that time.	*Y*	3/30/2021	3/30/2021		March 30th meeting Audit Committee Concurred with Staff that ongoing costs of GPS devices are cost prohibitive. If we do see an uptick in accidents or citizen complaints related to driving City Vehicles, we will revisit this solution.
5		FINDING 5 - Verification of CDLs and Driver Licenses RECOMMENDATION: Risk Management Coordinator or Department Supervisors perform verification of the license renewals by requesting and reviewing the copies of the actual license. Department supervisors should also query the Department of Transportation Clearinghouse for each Commercial Motor Vehicle driver at least annually.	The policy will be updated to clarify the following: (1) Individual Division where CDL employees are working will retain the scanned copies as required. (2) Risk Management will add a column to their tracking spreadsheet and request scanned copies of renewed driver's licenses. When received and verified, the column will be updated. (3) The City has elected to use Sinnett Consulting as our third-party administrator for the Clearinghouse, and Sinnett does the queries on the City's behalf for a fee.	*Y*	3/30/2021	3/30/2021		Cecilia in Finance has agreed to start obtaining copies of the proof of license renewal for verification, and add a column to her tracking sheet.

6		FINDING 6 - Training Records for Drivers & Operators RECOMMENDATION: We recommend that the City Manager updated the Employee Safety Manual or issue an internal management memo to provide clarification and specifics on the procedures to retaining and monitoring training records to ensure expectation for individual departments and the Risk Management Coordinator are clearly communicated. The specifics may include a complete list of periodic mandatory trainings to be completed annually and type of internal trainings (formal vs. informal) that are required to be documented as practically as possible. The Safety Manual should also enable the individual departments to identify the training courses they are expected to complete during any given fiscal year and ensure monitoring mechanism is in place to ensure compliance with the Employee Safety Manual.	The Citywide Employee Safety Manual will be reviewed and updated as necessary. All employee certifications and trainings are not meant to be tracked and maintained in one place as it would require additional FTE's to do so. Each department is responsible for ensuring that their employees have the proper training to perform their functions. OSHA requires that we provide safety training to employees annually, and the Risk Department does ensure that classes are available during the year for employees who would like to participate.	*Y*	6/10/2021			Departments are responsible for maintaining their employees safety certificates, as one department would not have sufficient knowledge of exactly what training is required of every single employee in the City, from Health, Public Works, Public Safety, and all other functions of the City. We do have a Citywide Safety manual which was updated to include this information, as well as the information that our Risk Management Coordiinator does provide some OSHA Type training during the year, the changes were reviewed and distributed.

Carson City
Revenue Accounts Receivable
May 25, 2021

Item No.	BOS Closure	Recommendation	Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Auditor Verified? (Y, N)	Status Comments
1		FINDING 1 - A - During our review of the Tyler Cashiering receipts for Landfill Services, we noted that a year-end adjustment in July 2020 billing for June 2020 services, in the amount of $422,116.11 was not recorded as a receivable and a revenue in FY 2020.	We recommend that the Finance Department develop and implement a methodology to ensure completeness and accuracy of accounts receivable and revenue recorded at year end. - Management will create a year-end Journal Entry checklist, to ensure that all year end adjustments are completed.	N	10/30/20201			Staff will create a checklist during the current year closing procedures.
2		FINDING 1 -B - It was noted that the Landfill billings for the first four months in Fiscal Year (FY) 21 (July -October) were recorded to the incorrect receivable account number. This was discovered during the prior year audit, and was corrected for FY 2020; however, has not yet been corrected for FY 2021.	We recommend recording reclassification journal entries for Landfill billings for the first four months of FY21. Management agrees with this recommendation, and have made the correction as of 5/31/2021	*Y*	5/31/2021	5/31/2021		Correction completed.
3		FINDING 2 - Review of the listing of Tyler Cashiering data batch numbers processed in July and August 2020 to verify completeness of the daily batches for FY 2020 accounting purposes identified a lack of internal control over the sequential order and completeness of batch numbers created in the system.	We recommend that the Treasury design and implement a monitoring mechanism over the total number and sequential order of the daily data batch numbers created in Tyler Cashiering to minimize the risk of missing or omitting any pending or closed batches.	*Y*	5/15/2021	5/15/2021		Treasurer's office with the help of the IT department, was able to expand our search criteria, which brought in all sequentially numbered batches. At that point we did locate one batch that was not in sequential order. The batch was drafted dated 12/28/21, and should have been 12/28/20. To eliminate the possibility for future batches to be opened with the incorrect date, we have set limitations in Tyler Cashiering. Staff will also run the batch number sequence report on a monthly basis to check for any batch that may not be in sequential order.