



# WASHOE COUNTY

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## STAFF REPORT

BOARD MEETING DATE: October 13, 2015

**DATE:** September 4, 2015  
**TO:** Board of County Commissioners  
**FROM:** Alison Gordon, Internal Audit   
328-2064, [agordon@washoecounty.us](mailto:agordon@washoecounty.us)  
**THROUGH:** John Slaughter, County Manager  
**SUBJECT:** Acknowledge Receipt of the Three-Year Schedule of Audits for Internal Audit Division (All Commissioner Districts)

### SUMMARY

Washoe County Code, Section 15.560 requires the Internal Audit Division to submit a three-year audit schedule to the Board of County Commissioners for their approval.

County Priority/Goal supported by this item: Sustainability of County Financial, Social and Natural Resources

### PREVIOUS ACTION

No previous Board action has been taken on this item.

### BACKGROUND

The Internal Audit Division continues to adhere to the policy of conducting performance audits that review processes rather than entire departments. Audits are focused on efficiency, effectiveness, and economy of these processes that often times crosses departmental lines. These audits are generally completed in 90 to 120 days thereby making the observations and recommendations current and relevant. As a result, our goal is to make our presence felt in more departments by performing more audits and by being of greater assistance to the departments in regards to internal controls.

A process improvement approach and a risk assessment approach were used in selecting functions and processes for audit. The goal of these audits is to identify potential savings and to improve service delivery as well as to minimize loss of County resources due to risks associated with weak internal controls.

AGENDA ITEM # 5E5

Various risk factors are considered in selecting potential areas of review, including:

- Inherent Risk – risks that are intrinsic to the entity’s business
- Control Risk – risk that a material misstatement could occur due to lack of controls that would have prevented or detected suspect transactions on a timely basis
- Detection Risk – risk that a material misstatement would not be detected even with sufficient internal controls and audit procedures

Audit risk is determined by formula. The higher the audit risk, the more often a function or entity is audited.

$$\text{Audit Risk} = \text{Inherent Risk} \times \text{Control Risk} \times \text{Detection Risk}$$

The recommended audits for the next three fiscal years were reviewed and approved by the Washoe County Audit Committee during the September 4<sup>th</sup>, 2015 meeting as follows:

<u>FY15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>
Worker’s Compensation	Golf Course Fund	Human Resources
Travel & Emp. Expenses	Sheriff’s Office Fees	Accounts Receivable
Inventory Controls	Facilities Maintenance	Disaster Recovery
Cash Controls	Senior Svc Contracts	E-Commerce

### **FISCAL IMPACT**

Sufficient funds are included in the FY2015-16 Internal Audit Division’s budget to complete the audits scheduled.

### **RECOMMENDATION**

It is recommended that the Board of County Commissioners acknowledge receipt of the three-year schedule of audits for Internal Audit Division.

### **POSSIBLE MOTION**

*Move to acknowledge receipt of the three-year schedule of audits for the Internal Audit Division.*

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