



To: Audit Committee Members

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Subject: Advisory Services – Internal control guidance for County Grants Administrator

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The current internal control system regarding grants received by Washoe County provides objectives, internal controls, and flowcharts for processes of applying for the grant, being awarded the grant, and preparing for receiving the grant. However, the County Grants Administrator noted a gap in guidance once the grant funds have been received. As such, the County Grants Administrator requested the Internal Audit Division's guidance in the reworking of internal controls aimed at improving compliance with the Single Audit Act of 1984 after the funds have been disbursed to the appropriate department, division, or agency. The annual publication of [2 CFR Part 200, Appendix XI, Compliance Supplement](#) report provides 2,061 pages of guidance for grantees and various agencies.

The Internal Audit Division advised that the revised internal control system should include enhanced documentation requirements, regular monitoring procedures, and to strengthen oversight and reduce the risk of noncompliance. These changes are expected to not only improve compliance posture but also enhance the overall efficiency and effectiveness of the County's grant management processes.

It was also recommended that the internal control system remain relatively simple, applicable across departments, and implemented in phases if the system is substantial. Additionally, it was recommended that the County Grants Administrator interpret the Compliance Supplement report provided by the federal government, create a "minimum compliance standard" as a uniform document for all departments, and then have the departments respond to each standard on how the respective department will be in compliance with the standard. Lastly, the Internal Audit Division advised that with the implementation of these "minimum compliance standards" and a requirement of management response, there will have to be monitoring to ensure participation.

This information was well received by the County Grants Administrator as a starting point for this project. We will continue to work closely with the County Grants Administrator to ensure the successful implementation and monitoring of these controls.