



Audit Committee

February 8, 2024 @ 3 p.m.



Public Comment

Comment heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Audit Committee agenda



Presentation of FY 2023 Annual Comprehensive Financial Audit Report

*Laura Nelson, Audit Senior Manager – Eide Bailly LLP
Teri Gage, Partner – Eide Bailly LLP*



CPAs & BUSINESS ADVISORS

WASHOE COUNTY, NEVADA

June 30, 2023 Audit Presentation

YEAR ENDED JUNE 30, 2023 FINANCIAL AUDIT HIGHLIGHTS

- Unmodified audit opinion, which is the highest level of assurance that we provide
 - Pages 2-6
- Managements Discussion and Analysis
 - Pages 7-16
- Government-Wide (Full Accrual)
 - Pages 17 - 19
 - Total Net position of \$566M
 - Deficit \$257M after restrictions due to NPL of \$571M
- Focus is on major funds – General Fund, Child Protective Service Fund, Other Restricted Fund, Capital Improvements Fund and the Utilities Fund
- General Fund (Modified Accrual)
 - Pages 20 and 23
 - Positive fund balance of \$154M - \$138M is unrestricted
 - Change in fund balance – (\$11M decrease)



YEAR ENDED JUNE 30, 2023 FINANCIAL AUDIT HIGHLIGHTS

- **Notes to Financial Statements**
 - Pages 42 -96
 - Pg. 94 – Note 20 error corrections
- **Report on Internal Controls (Financial Reporting)**
 - Pages C-2
 - Several Findings we will review in the Schedule of Findings And Questioned Costs
- **Report on Each Major Program and Internal Controls over Uniform Guidance**
 - Pages C-4
 - Several Findings we will review in the Schedule of Findings And Questioned Costs



YEAR ENDED JUNE 30, 2023 FINANCIAL AUDIT HIGHLIGHTS

- SEFA pg. C-8 to c-21- \$82M in federal expenditures – we tested 4 major programs
- Major Programs
 - Emergency Rental Assistance Program
 - Coronavirus State and Local Fiscal Recovery Funds
 - Foster Care
 - Capitalization Grants for Clean Water State Revolving Fund
- Schedule of Findings and Questioned Costs – pg. C-24
 - Material Weaknesses identified – Finding 2023-001 is related to an unreported fiduciary fund, Finding 2023-002 is related to proper revenue recognition and Finding 2023-003 is related to the proper recording of leases and software subscriptions under GASB 87 and 96.

YEAR ENDED JUNE 30, 2023 SINGLE AUDIT HIGHLIGHTS

- We had several single audit related findings – page C-27
 - 2023-004 to 007 – Corona Virus State and Local Fiscal Recovery Fund – 21.027
 - Subrecipients monitoring - assistance listing #'s being provided to subrecipient's
 - Procurement - one contract in our sample was not fully executed and two contracts were not reviewed prior to procuring goods
 - Reporting – written justification was not maintained for capital projects over \$1M and certain amounts were reported incorrectly
 - SEFA was overstated by \$1.2M
 - 2023-008 to 010 – Emergency Rental Assistance Program 21.023
 - Allowable Activities - 21 payments to participants with no documented controls
 - Eligibility – 60 payments with no documentation of eligibility
 - Reporting – expenditures on reports did not agree to the underlying documentation
 - 2023-011 – Foster Care 93.658
 - Reporting – average monthly child count did not agree to underlying supporting documentation
 - 2023-012 - Clean Water State Revolving Fund – 66.458
 - Procurement – contracts did not contain all required provisions

REQUIRED COMMUNICATIONS - HIGHLIGHTS

- No significant issues in working with management
 - They were excellent to work with and professional every step of the way
- New accounting policy – *GASB 96 Subscription Based Information Technology Arrangements (SBITA)*
- Restatements
 - This is a separate paragraph in the audit opinion, however our opinion was not modified relating to these matters
 - Restatement details are included in Note 20 to the financial statements related to revenue recognition and an unreported fiduciary fund



QUESTIONS?



Approval of the Meeting Minutes

- November 13, 2023 Audit Committee Meeting

Discussion on Meeting Format

- Committee may decide to make meetings in-person, hybrid, or full remote

Cash Control Audits





Washoe County Clerk's Office

- Counted cash on behalf of the Treasurer's Office
 - No exceptions noted.
- Reviewed written policies and procedures related to cash handling
 - No exceptions noted.
- Observations of cash handling processes
 - No exceptions noted.
- Examination of the following reports disclosed no exceptions noted.
 - Two (2) Till Reconciliations
 - Two (2) Change Fund Reconciliations
 - Deposit Preparation
 - Verified storage of cash was secured



Washoe County Treasurer's Office

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 - No exceptions noted.
- Reviewed written policies and procedures related to cash handling
 - No exceptions noted.
- Observations of cash handling processes
 - No exceptions noted.
- Examination of the following reports disclosed no exceptions noted.
 - Two (2) Bank Reconciliations
 - Two (2) Till Reconciliations
 - Two (2) Change Fund Reconciliations
 - Deposit Preparation
 - Verified storage of cash was secured



Questions?



Additional Updates



Audit Update Discussion

- In Progress:
 - Sheriff's Fees
 - Bail Procedures
 - Assisting the Assessor's office with an audit program
 - Cash Control Audit – Library, *NNPH*
- Follow-Up:
 - Fraud Tip – Altered Timecard for an Intermittent/RETA Employee added additional verbiage upon our recommendation to the SAP screen. However, additional follow-up will be performed.
- Other:
 - The Institute of Internal Auditors (IIA) released new [Global Internal Audit Standards](#), effective January 2025, include updated and further guidance on strengthening governance frameworks, helping public sector internal auditors, and assisting with crucial topics such as cybersecurity.



Washoe County Sheriff's Office Fees Audit

- Scope: Fees paid to the WCSO from the public that are in the general fund.
 - Records, Civil, Alarm, Inmate – Medical, Inmate – Weekender.
 - Cash Control Audit
- Time: Anticipate by the next audit committee (March), however it has been a complex audit.
- Interlocal Agreements will not be addressed in this audit.

Fraud Hotline

- Two (2) fraud Hotline tips were received by Internal Audit Division
 - Civil dispute between complainant and another member of the public
 - Forwarded to WCSO
 - Trainer for a medical training was giving out the answers to the test required to earn credit for the class
 - Forwarded to Department of Health and Human Services Nevada Division of Public and Behavioral (DPBH) Bureau of Health Care Quality and Compliance (HCQC)



Fraud Hotline QR Code



Tentative Calendar of Future Audit Committee Meetings

- Thursday, March 21, 2024 at 3:00 PM
- ~~Thursday, June 27, 2024 at 3:00 PM~~ *CANCELLED*
- Thursday, June 13, 2024 at 3:00 PM *RESCHEDULED*



Audit Committee Member Comments

Limited to announcements or issues proposed for future agendas and/or workshops



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Thank you

**Internal Audit Manager –
Katelyn Kleidosty**

kkleidosty@washoecounty.gov

(775) 830-2550

**Internal Auditor –
Louis Martensen**

lmartensen@washoecounty.gov

(775) 997-1791

Report Fraud

Contact Washoe 311

Contact the Internal Audit Division

https://www.washoecounty.gov/mgrsoff/internal_audit/fraudhotline.php