



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *August 24, 2021*

DATE: Friday, November 19, 2021
TO: Board of County Commissioners
FROM: Samantha Pierce, Internal Auditor, Office of the County Manager
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THROUGH: Christine Vuletich, Chief Financial Officer
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SUBJECT: Recommend acknowledgement of the three-year schedule of audits for the 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.

Washoe County Strategic Objective supported by this item:

Stewardship of our Community

PREVIOUS ACTION

No previous action has been taken by the Board of County Commissioners on this item.

BACKGROUND

Audits are focused on efficiency, effectiveness, and economy of 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 improve service delivery as well as to minimize loss of County resources due to risks associated with weak internal controls.

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

- Inherent Risk – risks that are intrinsic to the entity's business

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- Control Risk – risk that a material misstatement could occur due to lack of internal 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 their July 14, 2021, meeting as follows:

<u>Fiscal Year Ending</u> <u>06/30/2022</u>	<u>Fiscal Year Ending</u> <u>06/30/2023</u>	<u>Fiscal Year Ending</u> <u>06/30/2024</u>
Cash Control Audit [1]	Cash Control Audit [1]	Cash Control Audit [1]
Public Administrator	MAS District Court	Disaster Recovery
Public Guardian	MAS Incline Justice Court	Telephone Expense
Worker’s Comp	MAS Reno Justice Court	Debt Service Fund
Travel Expense	MAS Sparks Justice Court	Parks Revenue
	MAS Wadsworth Justice Court	Facilities Maintenance
	Sheriffs Fees & Bail Procedures	Utility Billing

[1] The cash control audit for Washoe County is an ongoing audit where 5-6 departments a year will be selected and their processes and procedures regarding cash handling will be reviewed. Recommendations for improvement and conformance with best practices will be included.

FISCAL IMPACT

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

RECOMMENDATION

Recommend Acknowledgement of the three-year schedule of audits for the Internal Audit Division (All Commissioner Districts).

POSSIBLE MOTION

Should the Board of County Commissioners wish to acknowledge the three-year audit schedule a possible motion would be:

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