



# Audit Committee

January 9, 2025 @ 2:00 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*

To provide public comment via Zoom, utilize the "Raise Hand" feature



## **Elect a Chair and Vice-Chair**

## **Presentation of FY 2024 ACFR and Audit Results**

- Eide Bailly Representative: Laura Nelson, Senior Audit Manager



**CPAs & BUSINESS ADVISORS**

# **WASHOE COUNTY, Nevada**

June 30, 2024 Audit Presentation

# Year ended June 30, 2024 financial audit highlights

- Unmodified audit opinion, which is the highest level of assurance that we provide
  - Pages 2-5
- Managements Discussion and Analysis
  - Pages 6-14
- Government-Wide (Full Accrual)
  - Pages 16 - 18
  - Total Net position of \$662M (up \$96M from prior year total net position of \$566M)
    - Deficit \$267M after restrictions due to NPL of \$611M
- 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 19, 25 and 26
  - Positive fund balance of \$154M - \$145M is unassigned
  - Change in fund balance – (\$580k increase)

# Year ended June 30, 2024 financial audit highlights

- Notes to Financial Statements
  - Pages 41- 92
  - Pg. 91 – Note 20 Change in Accounting Estimate and Correction of an Error for TMFPD – due to implementation of GASB 100
- Report on Internal Controls (Financial Reporting)
  - Pages C-2
  - Three findings on financial reporting 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
  - Four findings over compliance we will review in the Schedule of Findings And Questioned Costs
    - Qualified opinion over the reporting requirement for CSLFRF and ERAP

# Year ended June 30, 2024 financial audit highlights

- SEFA pg. C-8 to C-20- \$89M in federal expenditures – we tested 4 major programs
- **Major Programs**
  - Emergency Rental Assistance Program
  - Coronavirus State and Local Fiscal Recovery Funds
  - Adoption Assistance
  - Epidemiology and Laboratory Capacity for Infectious Diseases
- **Schedule of Findings and Questioned Costs – pg. C-23**
  - Material Weaknesses identified – Finding 2024-001 is related to an unreported accounts payable liability, Finding 2024-002 is related to proper revenue recognition (repeat from prior year) and Finding 2024-003 is related to the proper recording of leases and software subscriptions under GASB 87 and 96 (repeat from prior year).

# Year ended June 30, 2024 single audit highlights

- We had four single audit related findings – page C-25 (for context there were nine in the prior year)
  - 2024-004 to 005 – Coronavirus State and Local Fiscal Recovery Fund – 21.027
    - Subrecipient monitoring - assistance listing #'s being provided to subrecipient's and no documentation of monitoring of single audits for the subrecipients (if required)
    - Reporting – written justification was not maintained for capital projects over \$1M and certain amounts were reported incorrectly
  - 2024-006 to 007 – Emergency Rental Assistance Program 21.023
    - Eligibility – for one month selected, there was no documentation over the determination of eligibility
    - Reporting – expenditures on reports did not agree to the underlying documentation
  - No findings for Adoption Assistance or Epidemiology and Laboratory Capacity for Infectious Diseases



# 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 100 *Accounting Changes and Error Corrections*



**QUESTIONS?**



## Approval of Meeting Minutes

- July 18, 2024 Audit Committee Meeting Minutes



# Cash Control Audits





## Cash Control Audit: Senior Services

- Fraud Hotline Tip
  - Reported that a money bag containing approximately \$40.00 in donations for the Senior Services Congregate Meal Program
  - Investigation by Human Services Agency and Internal Audit could not locate the money, the bag, or intent for theft.
- Cash Control Audit
  - Internal Audit observed processes for cash handling from the donation boxes at the meal sites through the count process





## Cash Control Audit: Senior Services – Observations

- Not all sites were using a triplicate form to report donations.
- Not all sites utilized a locked cabinet to store donations overnight.
- Not all sites utilized a locked box for donations and/or soup payments.
- Not all sites had money bags to store funds at the EOD.
- Not all sites have two people verify funds prior to completing a deposit
- Money bags containing donations and soup payments were left unsecured on a desk after business hours.
- If a triplicate form is used, the white and pink copy are both sent to HSA fiscal division and no copies are retained by the sites or 9<sup>th</sup> Street Senior Center.
- No cameras in count area.



## Cash Control Audit: Senior Services – Observations

- Observation of the counting procedures noted there were several instances of the money being passed back and forth in an attempt to count and verify, which caused confusion on what had been counted and which money belonged to various bags
- Safe combination and locks have not been changed when personnel have separated employment.

# Cash Control Audit: Senior Services – Recommendations

- It is strongly recommended that the sites utilize a locked metal box with a single slot not large enough to remove funds after deposit, such as the one in the picture. Additionally, it is recommended that the sites do not count the funds, instead have a runner pick-up the full box on a set day(s), provide an empty box upon pick-up, and return the boxes to the Senior Center (9<sup>th</sup> Street) for the funds to be counted by at least two Washoe County employees.







## Cash Control Audit: Senior Services – Recommendations

- Each location that counts money retains one part of the triplicate form. For example, current procedures are that money is counted at the site location (yellow should stay at the site), then counted by the Senior Center administrative staff at 9<sup>th</sup> Street (pink should stay at 9<sup>th</sup> Street), and then the one copy should follow the deposit (white should go to Center Street).
- Establish consistent procedures for all drivers to follow for transport of money bags.
- Each location have a minimum of two bags. When one bag is picked up, its immediately replaced.
- Soup locations: provide locked container to secure the payment collected for soup.



## Cash Control Audit: Senior Services – Recommendations

- Establish SOPs/internal controls for cash handling.
- Outline procedures if a money bag goes missing.
- Provide annual training on cash handling SOPs.
- During counts, one person counts the funds in its entirety before a second person verifies.
- Money bags are consistently picked up on the same day(s) each week.
- 9<sup>th</sup> Street Admin verifies a bag has been received from every site.
- Consistently label each bag with site location and a number.
- Soup locations: provide locked container to secure the payment collected for soup.
- Perform periodic inventory on bags and keys.
- Install cameras where money is counted or move locations
- Change safe and lock combinations



## Cash Control Audit: Northern Nevada Public Health (NNPH)

- Written policies and procedures related to cash handling
  - No exceptions noted
- Observations and interviews with employees who handle cash
  - Reference – Recommendations slide
- Cash count of all funds on behalf of the Treasurer's Office
  - No exceptions noted
- Daily deposit and reconciliation documentation reviewed for October 23, 2024
  - No exceptions noted

NORTHERN NEVADA  
**Public Health**  
*Serving Reno, Sparks & Washoe County*



## Cash Control Audit: NNPH – Recommendations

- Recommendations specifically for the TB clinic (operated off-site):
  - Locked Drop Box: Implement a secure, locked drop box for collecting donations. This drop box should be easily accessible to donors while incorporating dual-control procedures, whereby one individual collects the funds and another retains the key. Donations should be jointly verified, logged, and accurately recorded in the system to promote transparency and accountability.
  - Cash Fund Review: Assess the necessity of maintaining the cash fund at the TB clinic, as its relevance is uncertain given the clinic's focus on accepting donations. Evaluating this fund's purpose will help ensure cash handling practices are consistent with the clinic's operational requirements.

## Cash Control Audit: Washoe County Library System (WCLS)

- Written policies and procedures related to cash handling
- Observations and interviews with employees who handle cash
- Random cash counts were performed
- Daily deposit and reconciliation documentation reviewed for October 23, 2024



W A S H O E C O U N T Y  
LIBRARY SYSTEM  
[www.washoecountylibrary.us](http://www.washoecountylibrary.us)



## Cash Control Audit: WCLS – Findings/Recommendations All Locations

- Secure storage of cash and drawer key
- Retention of cash register receipt tapes
- Donation box handling
- Money bag key storage
- Void key accessibility
- End-of-shift cash counting
- Implementing imprest system and tracking for copy machine monies
- Cash turn-in sheets
- Availability of counterfeit detection pens
- Dual verification of cash county and turn-in



## Cash Control Audit: WCLS – Findings/Recommendations

- Downtown Reno Location
  - Safe combinations security
  - Removal of cash funds – main administration and main reference desk
  - Deposit bag left unsecured
  - Deposit bag sealing procedure
  - Reconciliation of Z-tape to cash turn-in sheet
  - Deposit form verification
- Senior Center
  - Transactions are currently recorded on an Excel spreadsheet



The image features a vast, overlapping field of one hundred US dollar bills, filling the entire frame. The bills are scattered in various orientations, creating a complex, textured background. In the center of this field, the word "Questions?" is written in a bold, blue, sans-serif font. The text is positioned slightly above the horizontal center and is partially overlaid by a white rectangular bar that extends to the right, ending at the edge of the frame. The overall composition suggests a connection between financial matters and inquiry or uncertainty.

**Questions?**



# Advisory Services: Jan Evans Justice Center | Detention Division





## Advisory Services: Jan Evans Justice Center

- Division Director with support from the department head requested guidance with developing and implementing a succession plan, job distribution evaluation of shift supervisors and manager, and staffing structure
- Internal Audit conducted interviews and observations of Detention Division current operations with the following deliverables:
  - Recommendations for Job Responsibility Distribution
  - Recommendations for Staffing Structure
  - Recommendations for Succession Planning
  - Additional Recommendations Based on Observations



## Advisory Services: Jan Evans Justice Center

- Recommendations for Job Responsibility Distribution
  - Detailed analysis in the report
- Recommendations for Staffing Structure
  - Option 1: Maintain current structure with 3 shift supervisors and one manager
  - Option 2: Hire an additional shift supervisor (budgeted position) for a total of 4 shift supervisors. Operate with two teams (Team A or Team B) working three 12-hour shifts with a rotating 8-hour shift.
  - Option 3: Reclass the vacant shift supervisor position to an office specialist. Redistribute the clerical job responsibilities from manager to office specialist.



## Advisory Services: Jan Evans Justice Center

- Recommendations for Succession Planning
  - Communicate succession plan to staff to message opportunities
  - Implement a leadership and/or mentorship program
  - Foster culture for development
- Additional Recommendations Based on Observations
  - Increase pool of candidates for manager and division director
  - Realign positions to report in the appropriate hierarchy
  - Reduce liability and have nurse prefill medications for shift supervisors
  - Grievances should be reviewed by at least manager instead of shift supervisor



Questions?



**Jan Evans  
Juvenile  
Justice Center**

↑  
**Administration**

↑  
**Court Services**

↑  
**Visiting**

➔  
**Community  
Services Work  
Program**



# Additional Updates



## Audit Update Discussion

- In Progress:
  - Department of Alternative Sentencing (DAS) – Review
    - Anticipated completion mid-January
  - Cash Control Audit – DAS
    - Cash count has been completed and submitted to the Treasurer's Office
  - Utility Fee and Billing Procedures – Audit
    - Conducted pre-audit interviews
    - Preparing for fieldwork
  - Legislative Fiscal Notes
    - Training and a few bill draft requests (BDR)
    - Kicks-off January 15, 2025 with LCB training
  - Washoe County Sheriff's Office (WCSO) Bail Procedures Exception Follow-Up



## In Progress: WCSO Bail Procedures Exception Follow-Up

- Compensating Controls
  - Implement *Desktop Deposit* at WCSO
  - Strengthen segregation of duties
  - Secure storage of undeposited funds
  - Maintain detailed deposit logs
  - Reconciliation between deposit logs and cash desk entries
  - Minimum deposit frequency
  - Immediate bank deposit for Jail ATM collections
  - Internal audit oversight





## Follow-Up: Washoe County Clerk's Office – Board Records and Minutes Division

- Appointment confirmation for marriage commission reassigned to an administrative assistant
  - Rotated responsibilities to reduce workload on deputy clerks
- Cross-train employees for public comment intake
  - Restructured meetings – one rotating deputy clerk; management steps in for demanding meetings
- Reevaluate deputy clerk responsibilities and redistribute tasks
  - Adjusted processes based on recommendations
- Encourage the employees to use Employee Assistance Program (EAP)
  - Redistributed workload has minimized stress, but still encouraged EAP if needed
- Implement training programs for stress management
  - Encourages employees to utilize HR platform for training especially related to stress management
- Improve the editing process to reduce the amount of duplicated reviewing
  - Streamlined process; one deputy clerk compiles and edits a meeting



# Follow-Up: Washoe County Clerk's Office – Board Records and Minutes Division

- Utilize a transcription service
  - Authorized transcription service (Wordly) for probation-cleared deputy clerks
- Develop a training program for new staff
  - In progress via One Note.
- Succession planning within the department
  - Succession planning is ongoing; hiring challenges persist.
- Develop an editing checklist for common mistakes
  - Implemented and refined
- Update policies and streamline process, improve tracking
  - Implemented a new system for tracking; working on updating policies

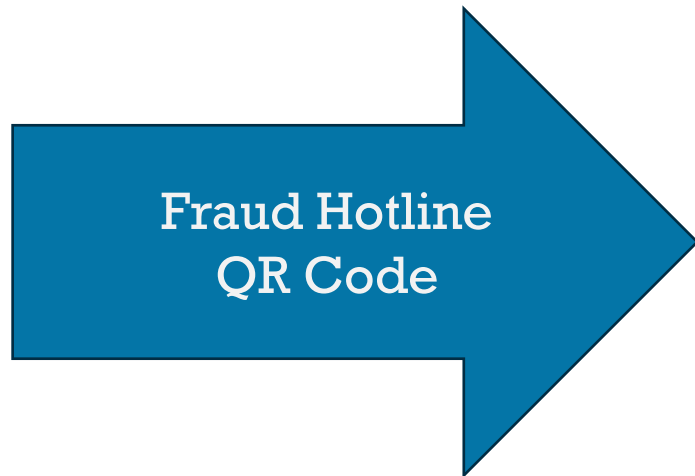


## Audit Update Discussion

- Other:
  - Article from AICPA & CIMA “[Fraud in the Public Sector: 2024 Government Series](#)”
  - Working on updating and redistributing the Fraud Hotline flyer
  - Updating website and forms to be compliant with Digital Accessibility regulations

## Fraud Hotline

- Seven (7) fraud hotline tips were received through the Internal Audit Division





## Tentative Calendar of Future Audit Committee Meetings

- Thursday, March 27, 2025 @ 3:00 p.m.
- Thursday, June 26, 2025 @ 3:00 p.m.



# Audit Committee Member Comments

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



# 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*

To provide public comment via Zoom, utilize the "Raise Hand" feature



# Thank you

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## Report Fraud

**Contact Washoe 311**

**Contact the Internal Audit Division**

**[https://www.washoecounty.gov/mgrsoff/internal\\_audit/fraudhotline.php](https://www.washoecounty.gov/mgrsoff/internal_audit/fraudhotline.php)**