



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *July 18, 2023*

DATE: Monday, June 26, 2023
TO: Board of County Commissioners
FROM: Katelyn Kleidosty, Internal Audit Manager, Finance
775-832-2550, kkleidosty@washoecounty.gov
THROUGH: Abigail Yacoben, Chief Finance Officer
SUBJECT: Recommendation to acknowledge and approve the three-year schedule of audits for the Internal Audit Division, which is required to be presented to the Board of County Commissioners for their approval pursuant to Washoe County Code 15.560. Finance. (All Commission Districts.) FOR POSSIBLE ACTION

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:

Fiscal Sustainability

PREVIOUS ACTION

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

The Board of County Commissioners approved the prior three-year schedule July 12, 2022.

BACKGROUND

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.

Audits are focused on efficiency, effectiveness, and economy of processes that often impact multiple departments. 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 assist departments' internal controls by performing more audits and by being of greater assistance to the departments regarding 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

AGENDA ITEM # _____

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
- 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 June 22, 2023, meeting as follows:

<u>Fiscal Year Ending</u> <u>06/30/2024</u>	<u>Fiscal Year Ending</u> <u>06/30/2025</u>	<u>Fiscal Year Ending</u> <u>06/30/2026</u>
Cash Control Audit [1]	Cash Control Audit [1]	Cash Control Audit [1]
Roles and Rights SAP Audit	Roles and Rights SAP Audit	Roles and Rights SAP Audit
Sheriffs Fees & Bail Procedures	Donation Process	Emergency Management
Procurement Card	Access Management	Worker’s Comp
Utility Billing	Hiring Procedures	ARPA Funding Review
Golf Revenue	Employee Retention	Vendor Maintenance
Court Fees Review	Background Checks	Fleet Utilization
Library Expenditures – Special	Facilities Maintenance	Sheriff Commissary Funds
Events & Title Procurement	Parks Revenue	Debt Service Fund
Process	Governmental Affairs Assistance	
Clerk’s Office – Board Records		
and Minutes Division		
Assist Assessor’s Office with		
Audit Program		

[1] The cash control audit for Washoe County is ongoing and includes process and procedure audits of cash handling for five-to-six departments each year on a rotating basis. 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

Recommendation to acknowledge the three-year schedule of audits for the Internal Audit Division which is required to be presented to the Board for their approval pursuant to Washoe County Code 15.560. (All Commission 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 which is required to be presented to the Board for their approval pursuant to Washoe County Code 15.560.