



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: *July 12, 2022*

**DATE:** Thursday, July 07, 2022

**TO:** Board of County Commissioners

**FROM:** Samantha Turner, Internal Auditor, Office of the County Manager  
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**THROUGH:** Cathy Hill, Interim Chief Financial Officer  
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**SUBJECT:** Recommendation to approve 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 Commissioner Districts).

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### **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 August 24, 2021.

### **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 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.

**AGENDA ITEM # \_\_\_\_\_**

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
- 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 23, 2022, meeting as follows:

<u>Fiscal Year Ending</u> <u>06/30/2023</u>	<u>Fiscal Year Ending</u> <u>06/30/2024</u>	<u>Fiscal Year Ending</u> <u>06/30/2025</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
Public Administrator’s Office	Disaster Recovery	Donation Process
MAS District Court	Telephone Expense	Access Management
MAS Incline Justice Court	Debt Service Fund	Hiring Procedures
MAS Reno Justice Court	Parks Revenue	Employee Retention
MAS Sparks Justice Court	Facilities Maintenance	Background Checks
MAS Wadsworth Justice Court	Utility Billing	Vendor Maintenance
Sheriffs Fees & Bail Procedures	Worker’s Comp	
Travel Expense		
Governmental Affairs Assistance		Governmental Affairs Assistance

[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**

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.

**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.*