



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *July 9, 2019*

DATE: Tuesday, July 02, 2019
TO: Board of County Commissioners
FROM: Samantha Pierce, Internal Auditor, Office of the County Manager
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THROUGH: Christine Vuletich, Assistant County Manager
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SUBJECT: Recommend acknowledgement 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.

AGENDA ITEM # _____

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 6, 2019 meeting as follows:

Fiscal Year Ending 06/30/2020	Fiscal Year Ending 06/30/2021	Fiscal Year Ending 06/30/2022
Cash Controls ^[1]	Parks Revenue	Disaster Recovery
Human Services Agency	Facilities Maintenance	Telephone Expense
Public Guardian’s Office	Utility Billing	Debt Service Fund
Public Administrator’s Office	Sheriff’s Fees	Travel Expenses

[1] The cash control audit for Washoe County is currently in progress.

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.