



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: *May 28, 2024*

DATE: Thursday, May 16, 2024

TO: Board of County Commissioners

FROM: Abbe Yacoben, Chief Financial Officer
AYacoben@washoecounty.gov

THROUGH: Eric Brown, County Manager

SUBJECT: Conduct a second reading, public hearing, and possible adoption of an ordinance amending Washoe County Code Chapter 15 (County Finances; Purchasing) by modifying and updating language for audits and the Audit Committee. These updates include clarifying functions and authority for independent external auditors; changing the appropriation of monies from the County Manager to the Comptroller for audits by independent external auditors; updating requirements for audit committee membership; clarifying that the County Manager sits as a non-voting member; adding quorum requirements and that public members serve at the pleasure of the Board of County Commissioners and may be removed for cause; combining and modifying sections about the Audit Committee's code of ethics and charter; modifying language related to the audit schedule; modifying language related to audit schedule; modifying language related to special audits; modifying language related to an auditor's access to records; modifying language related to the written response to an audit; and changing audit retention for three years instead of permanent retention; and all other matters necessarily connected therewith and pertaining thereto.

If supported, adopt and enact the new ordinance by title. (All Commission Districts.) FOR POSSIBLE ACTION.

SUMMARY

This is a second reading and public hearing regarding an ordinance amending Washoe County Code Chapter 15 (County Finances; Purchasing). The proposed code amendments are described beginning on Page 2 of this Staff Report. This proposed ordinance is being requested by the Chief Financial Officer to update Washoe County Code provisions related to internal and external audits and the Audit Committee.

AGENDA ITEM # _____

Washoe County Strategic Objective supported by this item: Government efficiency and financial stability.

PREVIOUS ACTION

October 9, 2018. The Board approved a request by the County Manager, through the Washoe County Clerk and pursuant to Washoe County Code (“WCC”) 2.030, to initiate amendments to the Washoe County Code (Chapter 5 - Administration and Personnel; Chapter 15 - County Finances; Purchasing; and Chapter 65 - Safety and Disaster Services) and to direct the County Clerk to submit the request to the District Attorney’s Office for preparation of the proposed ordinances in accordance with WCC 2.040.

May 24, 2022. The Board approved and conducted an introduction and first reading for Washoe County Code Chapter 5 (Administration and Personnel) by revising provisions to clarify the duties of the County Manager and Chief Information Officer; and amending Washoe County Code Chapter 15 (County Finances; Purchasing).

June 21, 2022. The Board conducted a second reading and public hearing and adopted and ordinance amending Washoe County Code Chapter 5 (Administration and Personnel) by revising provisions to clarify the duties of the County Manager and Chief Information Officer and amending Washoe County Code Chapter 15 (County Finances; Purchasing).

May 14, 2024. The Board conducted an introduction and first reading for this item. The Board recommended that language regarding removal be modified and language requiring an elected official’s consent for audits into their statutory duties not be removed.

BACKGROUND

Under WCC 2.050, when the District Attorney has completed the proposed ordinance, the County Clerk will place the proposed ordinance on the agenda of a regularly scheduled meeting of the Board in accordance with the adoption procedures set out in NRS 244.100.

This item is for requested amendments to WCC Chapters 15 relating to updating the County’s audit provisions. The proposed amendments have been formulated in consultation with the internal auditor. Specific amendments are as follows:

Proposed Amendments to WCC Chapter 15 (County Finances; Purchasing):

- Provides name for external auditors as independent external auditors to be used in Chapter 15.
- Clarifies that only the Board of County Commissioners may hire independent external auditors to audit offices, agencies, or departments headed by elected officials.
- Removes requirement for hourly contracts with independent external auditors.
- Makes functions of independent external auditors its own code section.

- Changes annual appropriation for independent external auditors to Comptroller instead of County Manager.
- Clarifies that the Audit Committee will review audits from independent external auditors rather than review performance of the independent external auditor.
- Specifies that the Audit Committee will have at least two members from the public and that all members from the public must have understanding and experience in accounting principles, financial statements, internal accounting controls, auditing of financial statements, and Audit Committee functions.
- Relocates language indicating that Audit Committee members shall be independent and shall not accept any consulting, advisory, or other compensatory fee from the County and shall not be an affiliated person with the County or any subsidiary thereof.
- Adds that current and former Washoe County employees may not serve as public representatives on the Audit Committee.
- Adds a section outlining appointment and terms of service on the Audit Committee. Audit Committee members are appointed by the Board of County Commissioners for four-year terms. Public members may serve two terms and are eligible for another term only if there are not any other interested and qualified applicants.
- Modifies language in the officer section regarding chair and vice-chair and their respective terms.
- Adds a clarification that a simple majority of voting members is needed to conduct business.
- Adds language indicating that a public member of the Audit Committee serves at the pleasure of the Board of County Commissioners and may be removed for cause.
- Modifies the County Manager's role in ensuring proper briefings and preparation for the Audit Committee.
- Combines sections about the charter and code of ethics to simplify the sections.
- Modifies a section about audit schedules. A one-year schedule must be submitted annually to the Board of County Commissioners. The audit schedule may be amended by the Audit Committee with approval from the Board of County Commissioners.
- Removes unnecessary language in special audit section.
- Adds language about access to records and property for audits.
- Requires an audited department or office to respond to an internal audit.
- Removes language allowing an audit's release without inclusion of a response.
- Changes the requirement to keep an audit to at least three years instead of permanent retention.

FISCAL IMPACT

There is no fiscal impact from this action.

RECOMMENDATION

It is recommended that the Board of County Commissioners conduct a second reading and public hearing regarding an ordinance amending Washoe County Code Chapter 15 (County Finances; Purchasing) to update provisions related to audits; and if supported, adopt and enact the new ordinance by title.

POSSIBLE MOTION

If approved the possible motion would be:

“Move to conduct a second reading and public hearing regarding Bill Number 1913, which is an ordinance amending Washoe County Code Chapter 15 (County Finances; Purchasing) to update provisions related to audits.

And if supported, I further move to adopt and enact the new ordinance by title.”

Attachments:

- A. Working Copy of Proposed Ordinance
- B. Clean Copy of Proposed Ordinance