

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held **starting at 2:00 p.m.** on Wednesday, April 1, 2020 in the Chateau, 955 Fairway Boulevard, Incline Village, Nevada.

In compliance with State of Nevada Executive Department, Declaration of Emergency Directive 006 (attached), this meeting is closed to the public and attendance is limited to members of the Board of Trustees and essential staff. Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 12:30 p.m. on Wednesday, April 1, 2020) or via telephone (the telephone number will be posted to our website on the day of the meeting).

- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
- B. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- C. APPROVAL OF AGENDA (*for possible action*)
- D. GENERAL BUSINESS ITEM (*for possible action*)
 - 1. Review, discuss and possibly take action to approve the Audit Committee Charter which will replace the content of Policy 15.1.0 (Requesting Trustee: Sara Schmitz) – **pages 6 - 14**
 - 2. Set the date/time for the next Audit Committee Meeting (Requesting Trustee: Audit Committee Chairman Matthew Dent)
- E. APPROVAL OF THE MEETING MINUTES (*for possible action*)
 - 1. Audit Committee Meeting of March 11, 2020– **pages 15 - 23**
- F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- G. ADJOURNMENT (*for possible action*)

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

Agenda for the Audit Committee Meeting of April 1, 2020 - Page 2

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, March 27, 2020, 2019 at 9:00 a.m., a copy of this agenda (Audit Committee Session of April 1, 2020) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-requested; and a copy was posted Incline Village/Crystal Bay in

1. IVGID Anne (Administrative
2. Incline Village
3. Crystal Bay
4. Raley's
5. Incline Village
6. IVGID's

SUSPENDED – STATE OF NEVADA EXECUTIVE DEPARTMENT, DECLARATION OF EMERGENCY, DIRECTIVE 006 (SECTION 3)

mailed to those people who have at the following six locations within accordance with NRS 241.020:

Vorderbruggen Building
Offices)
Post Office
Post Office
Shopping Center
Branch of Washoe County Library
Recreation Center

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

Clerk to the Board of Trustees (e-mail: sah@ivgid.org/phone # 775-832-1207)

Audit Committee Members: Matthew Dent – Chairman, Tim Callicrate, and Sara Schmitz

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

IVGID'S agenda packets are now available at IVGID's web site, www.yourtahoeplace.com; go to "Board Meetings and Agendas". A hard copy of the complete agenda packet is also available at IVGID's Administrative Offices located at 893 Southwood Boulevard, Incline Village, Nevada, 89451.



DECLARATION OF EMERGENCY
DIRECTIVE 006

WHEREAS, on March 12, 2020, I, Steve Sisolak, Governor of the State of Nevada issued a Declaration of Emergency to facilitate the State's response to the COVID-19 pandemic; and

WHEREAS, on March 13, 2020, Donald J. Trump, President of the United States declared a nationwide emergency pursuant to Sec. 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"); and

WHEREAS, the World Health Organization and United States Centers for Disease Control and Prevention have advised that there is a correlation between density of persons gathered and the risk of transmission of COVID-19; and

WHEREAS, close proximity to other persons is currently contraindicated by public health and medical best practices to combat COVID-19; and

WHEREAS, recreational social gatherings unnecessarily extend periods of interpersonal contact and promulgates spread of COVID-19; and

WHEREAS, certain non-essential activities result in the congregation of persons for extended periods of time; and

WHEREAS, NRS 414.060 outlines powers and duties delegated to the Governor during the existence of a state of emergency, including without limitation, directing and controlling the conduct of the general public and the movement and cessation of movement of pedestrians and vehicular traffic during, before and after exercises or an emergency or disaster, public meetings or gatherings; and

WHEREAS, Nevada Revised Statutes 414.060(3) states: "In performing his or her duties under this chapter and to effect its policy and purpose, the Governor may: (a) Make, amend and rescind the necessary orders and regulations to carry out the provisions of this chapter within the limits of the authority conferred upon the Governor in this chapter, with due consideration of the plans provided by the Federal Government;" and

WHEREAS, NRS 414.070 outlines additional powers delegated to the Governor during the existence of a state of emergency, including without limitation, enforcing all laws and regulations relating to emergency management and assuming direct operational control of any or all forces, including, without limitation, volunteers and auxiliary staff for emergency management in the State; providing

for and compelling the evacuation of all or part of the population from any stricken or threatened area or areas within the State and to take such steps as are necessary for the receipt and care of those persons; and performing and exercising such other functions, powers and duties as are necessary to promote and secure the safety and protection of the civilian population; and

WHEREAS, on March 15, 2020, I directed executive branch agencies to close state offices to the public and to wind down in-person public services and to the extent practicable, transition services to online and over-the-phone services; and

WHEREAS, Nevada Revised Statutes 241.010 provides that “[i]n enacting this chapter, the Legislature finds and declares that all public bodies exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly;” and

WHEREAS, the continued operations of state public bodies are essential to the State of Nevada; and

WHEREAS, on March 20, 2020, I issued Declaration of Emergency Directive 003 that ordered the closure of all Non-Essential Businesses by 11:59 p.m. on March 20, 2020, authorized criminal and civil penalties for Non-Essential Businesses that continued to operate in violation of that order, and authorized all local, city, and county governments along with the Office of the Attorney General to enforce that Directive; and

WHEREAS, immediate enforcement of Declaration of Emergency Directive 003 is vital to protect the Health and Safety of the public:

NOW THEREFORE, by the authority vested in me as Governor by the Constitution and the laws of the State of Nevada and the United States, and pursuant to the March 12, 2020, Emergency Declaration,


IT IS HEREBY ORDERED THAT:


- SECTION 1: The requirement contained in NRS 241.023(1)(b) that there be a physical location designated for meetings of public bodies where members of the public are permitted to attend and participate is suspended.
- SECTION 2: If a public body holds a meeting by means of teleconference or videoconference and a physical location where members of the public can attend is not provided, the public body must provide a means for the public to provide public comment, and post that means on the public notice agenda posted in accordance with NRS 241.020. Public comment options may include, without limitation, telephonic or email comment.
- SECTION 3: The requirements contained in NRS 241.020(4)(a) that public notice agendas be posted at physical locations within the State of Nevada are suspended.
- SECTION 4: Public bodies must still comply with the requirements in NRS 241.020(4)(b) and NRS 241.020(4)(c) that public notice agendas be posted to Nevada’s notice website and the public body’s website, if it maintains one along with providing a copy to any person who has requested one via U.S. mail or electronic mail.
- SECTION 5: The requirement contained in NRS 241.020(3)(c) that physical locations be available for the public to receive supporting material for public meetings is suspended.

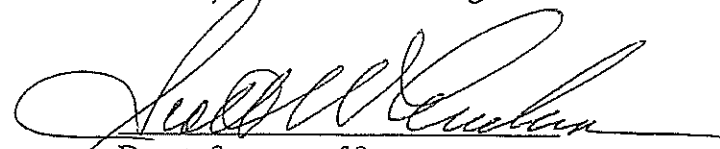
- SECTION 6: If a public body holds a meeting and does not provide a physical location where supporting material is available to the public, the public body must provide on its public notice agenda the name and contact information for the person designated by the public body from whom a member of the public may request supporting material electronically and must post supporting material to the public body's website, if it maintains one.
- SECTION 7: A public body that holds a meeting pursuant to this Executive Order must ensure that any party entitled to or required to appear before it shall be able to do so through remote means and fully able to participate in the agenda items that pertain to them.
- SECTION 8: The requirements of NRS 241.033, NRS 241.034 are suspended for any actions necessary to enforce Declaration of Emergency Directive 003 against entities, owners, representatives, agents, or employees that continue to operate or assist in operation after 11:59 p.m. on March 2020. Public bodies enforcing Declaration of Emergency Directive 003 against entities, owners, agents, or employees pursuant to this section shall provide the responding party with at least 24 hours notice of a meeting to take action; and
- SECTION 9: Public bodies may enforce Declaration of Emergency Directive 003 at an emergency meeting as authorized by NRS 241.020(11) and may make use of all other amendments to NRS chapter 241 included in this Executive Order.
- SECTION 10: This Directive shall remain in effect until April 16, 2020, unless renewed by a subsequent Directive promulgated pursuant to the March 12, 2020 Declaration of Emergency to facilitate the State's response to the COVID-19 pandemic.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City, this 22nd day of March, in the year two thousand twenty.




Governor of the State of Nevada


Secretary of State


Deputy Secretary of State

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Committee Chair

FROM: Sara Schmitz

SUBJECT: Review, discuss and possibly take action to approve the Audit Committee Charter which will replace the content of Policy 15.1.0

STRATEGIC

PLAN REFERENCE(S): Long Range Principles #2 and #6

DATE: March 13, 2020

I. RECOMMENDATION

Review, discuss and possibly take action to approve the Audit Committee Charter. This charter will replace the content of Policy 15.1.0. If approved, the Audit Committee Charter will be reviewed, discussed and possibly approved by the Board of Trustees at their meeting on March 25, 2020.

II. BACKGROUND

Policy 15.1.0 Accounting, Auditing, and Financial Reporting – Audit Committee needs to be revised to more robustly define the oversight responsibilities.

III. ALTERNATIVES

As deemed appropriate during discuss of this topic.

IV. STRATEGIC PLAN REFERENCE(S)

Long Range Principle #2

The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

Long Range Principle #6

The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Promote transparency in all areas including finance, operations and public meetings.
- Provide clear, concise and timely information in multiple, publicly accessible formats.
- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

V. BUSINESS IMPACT

The Audit Committee, Board, and District leaders are enabling all of staff to become actively engaged with the oversight of the Districts finances.

AUDIT COMMITTEE CHARTER

Purpose

The primary function of the Audit Committee (“Committee”) is to assist the Board of Trustees in fulfilling its responsibilities in accordance with Nevada Revised Statutes, District Policies, Practices, Ordinances, and Resolutions by providing oversight over the District’s financial statements, the systems of internal controls, the internal audit plans and reports, and the independent external auditor’s assessment of financial statements. The Committee will provide open communication and maintain strong working relationships with the IVGID Board of Trustees, the General Manager, Director of Finance, independent Internal Auditor, and the independent external auditors.

Scope

The Committee shall provide independent oversight over the financial reporting process by being informed of all significant accounting policies and financial reporting matters by reviewing the annual financial statements and disclosures with management and the independent external auditors, by reviewing the auditors’ report of findings and recommendations with management and the auditors, and by evaluating the performance of the independent external auditor on an annual basis.

The Committee will review and make recommendations to the Board of Trustees on the External Auditors scope of work to audit the District’s Comprehensive Annual Financial Report, and upon Board approval of the engagement of the External Auditor, sign the engagement letter prior to the State’s March 31st engagement deadline. The Committee will be responsible for reviewing and approving Management’s Representation Letter to the External Auditor prior to submission to the External Auditor.

The Committee shall provide oversight over internal controls by assuring that systems of internal controls are being established by management and these systems are being reviewed on a regular and systematic basis for functionality and effectiveness by the independent Internal Auditor and/or by independent external auditors.

The Committee shall specify the purpose, authority, and responsibilities of the independent Internal Auditor. The Internal Auditor shall maintain independence, objectivity, professional proficiency, integrity, due professional care, and diligence in the performance of these responsibilities. To ensure independence, the Internal Auditor will be hired by and report to the Committee Chair.

The Committee shall review the work of the Internal Auditor by understanding how internal audits are conducted; by reviewing and approving the risk assessment and annual work plan of the Internal Auditor; by reviewing all audit reports; and by reviewing the annual report of audits completed, significant findings, and status of corrective actions.

AUDIT COMMITTEE CHARTER

Organization

The Committee shall consist of five (5) voting members to include a maximum of three Board appointed Trustees and a minimum of two (2) qualified at-large members. Non-voting members will be designated by the Committee Chair as needed. The Committee can be expanded to an odd number. Recommendations for expanding the number of voting members will be approved by the Committee and submitted to the Board of Trustees for approval.

Committee members shall be independent. They shall not accept any consulting, advisory, or other compensatory fee from the District and shall not be an affiliated person with the District or any subsidiary thereof (applicable to at-large members only).

- Voting Trustee Members of the Committee shall be appointed by the Board of Trustees for a two year term. In the event a Trustee's term on the Board expires before the end of the two-year term, the Board will appoint another Trustee to complete the term on the Committee or request the Committee appoint an additional at-large member.
- Two other Voting Members: shall be appointed by the Committee from at-large with appropriate expertise with staggering two-year terms.
 - For the first appointment, one member will serve a one-year term and the second will serve a two-year term.
 - Each subsequent appointment will serve two-year terms.
- The Chair may request members of management or others to attend meetings in order to provide pertinent information or advice as necessary.
- The Independent Internal Auditor will provide assistance to the Audit Committee.

At least one member of the Committee should be a financial expert with understanding and experience in generally accepted accounting principles, financial statements, internal accounting controls, auditing of financial statements, and audit committee functions.

One voting member of the Committee shall be appointed by the Committee to be the Chair. The Chair will schedule all Committee meetings and provide Committee members with a written agenda for each meeting. Committee Members may request agenda items for the Chair's consideration and approval.

The Independent Internal Auditor will be responsible for ensuring the Committee members receive appropriate and necessary briefings and training relative to internal controls, preparation of financial reports, internal audit processes, governmental regulations, and other pertinent information relative to this appointment.

AUDIT COMMITTEE CHARTER

The Chair may request members of management or others to attend meetings in order to provide pertinent information or advice as necessary.

The voting Committee members are limited to two 2-year terms which may be extended in the event there are no interested and qualified applicants.

Responsibility

The members of the Audit Committee shall be responsible for the following:

1. Meet at least four times a year or more frequently as circumstances require.
2. Review monthly and quarterly financial reports.
3. Review the Board and Management's compliance with District Policies, Practices, Ordinances, and Resolutions.
4. Periodically review the District's code of conduct that promotes honest and ethical conduct; full, fair, accurate, timely, and understandable disclosure in periodic reports; and compliance with applicable governmental rules and regulations to ensure it is adequate and up-to-date.
5. Evaluate managements' identification of fraud risks, implementation of anti-fraud measures and provide the tone at the top that fraud will not be accepted in any form.
6. Review procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, or auditing matters and any confidential, anonymous submissions by employees of the District and the public regarding fraud and/or questionable accounting or auditing practices.
 - Ensure an anonymous method for concerns to be submitted. (link on website for submissions)
 - Publicize the ways for the public and employees to submit a complaint, both anonymously and directly to the Audit Committee.
 - Determine if any action is to be taken and communicate with the submitter, if known.
 - Review any complaints that might have been received, their current status, and resolution, if one has been reached.
 - Ensure proper steps to investigate and resolve complaints are timely.

AUDIT COMMITTEE CHARTER

7. Conduct an annual meeting with the independent external auditors, the General Manager, the Internal Auditor, the Director of Finance, legal counsel and anyone else as desired by the Committee.
 - Inquire about significant risks or exposures facing the District. Assess the steps management has taken or proposes to take to minimize such risk and periodically review compliance with such steps.
 - Inquire about critical estimates of revenues and expenditures.
 - Inquire about off-balance sheet transactions, if any.
 - Review the policies and procedures with respect to senior management and staff expense and travel accounts with management. Consider the review of these areas by the independent Internal Auditor or the independent external auditors.
 - Review with management and legal counsel any legal and regulatory matters that may have a material impact on the financial statements related to the District's compliance policies.
8. Participate in the selection, engagement, and dismissal of independent external auditors or auditing firms doing work for the District.
 - Ascertain that the Request for Proposal for the independent audit firm retained by the District for the annual financial audit is no more than five fiscal years with those directly supervising audit staff rotating at least every two years and audit engagement partners rotating at least every three years.
9. Review the audited annual financial statements including the Comprehensive Annual Financial Report with the General Manager, Finance Director, Comptroller, and the independent external auditor.
 - Review the Auditors' Management Letter of findings and recommendations and any schedule of unadjusted differences provided by the independent external auditors relative to the annual audit of the District's financial statements with the General Manager, Director of Finance and the independent external auditors.
 - Review the independent auditors' judgments about the quality, not just the acceptability, of the District's accounting principles as applied in its financial reporting.
 - Review any significant changes required in the independent auditor's audit plan.
 - Review any serious difficulties or disputes with management encountered during the audit.

AUDIT COMMITTEE CHARTER

- Review all matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, *Communication with Audit Committees*) related to the conduct of the audit. (provide SAS 61 link)
- Review the adequacy of the District's internal controls including computerized information system controls and security.
- Review with management and the independent auditor, the effect of any regulatory and accounting initiatives. Also review all critical accounting Policies, Practices, Ordinances and Resolutions used by the District.
- Review all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the District, the ramifications of each alternative, and the treatment preferred by the District.
- Ensure that the General Manager and the Director of Finance certify that financial reports are accurate and not misleading; and internal controls are sufficient and effective.
- Review interim financial reports with the General Manager and the financial staff to assure fair and accurate reporting.

10. Review the risk analysis and work plans of the Independent Internal Auditor including the three-year schedule of audits to be submitted to the Board of Trustees.

- Review with the Independent Internal Auditor and the Director of Finance the audit scope and plan of the Internal Auditor.
- Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

11. Evaluate the internal audit program and independent external audit program annually based on the annual report of audits performed, significant findings, recommendations, and implementation of corrective actions prior to submission of the annual report to the Board of Trustees and on any other observations and reports regarding the conduct of audits of District functions.

- Review all reports of audits, including responses by management (including implementation plans and timetable to correct weaknesses) prior to submission to the Board of Trustees.
- Any difficulties the audit teams encountered in the course of their audits including any restrictions on the scope of their work or access to required or requested information.
- Any changes required in the scope of their audits.
- Internal Audit's compliance with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing.

AUDIT COMMITTEE CHARTER

12. Report Committee actions to the Board of Trustees with recommendations as deemed appropriate.
13. Hire outside consultants as necessary upon the request of the Audit Committee and subsequent approval of the Committee.
14. All legal invoices and independent internal and external auditors' invoices are to be approved by the Treasurer and the Board of Trustees Chair.
15. Review and update as needed the contract for Independent Internal Auditor services.
16. Review the Audit Committee Charter periodically and submit changes recommended by the Committee and/or the General Manager to the Board of Trustees for approval.



An opportunity may exist on the Audit Committee of the Incline Village General Improvement District effective _____. The Incline Village General Improvement District Board of Trustees is seeking interested candidates who wish to serve for a _____ term beginning no earlier than _____ and no later than _____. Any interested candidate should submit a letter of interest and a resume. These two documents can be submitted either via U.S. Mail addressed to District Clerk Susan Herron, IVGID, 893 Southwood Boulevard, Incline Village, Nevada 89451; or hand delivered to the aforementioned address; or submitted via e-mail (sah@ivgid.org). It is the interested parties' responsibility to ensure that their documents have been received for consideration. All submittals must be received no later than _____, 12 noon (PST).

Further, all interested parties' must be present and available at the Incline Village General Improvement District Board of Trustees meeting tentatively scheduled for either _____ at ____ p.m. or _____ at ____ p.m. and be prepared and available to be interviewed by the Board of Trustees. During this special meeting, the Board of Trustees may make their final decision and the selected interested party may be sworn in and begin serving their term immediately. If you have any questions regarding this matter, please contact Susan Herron, District Clerk, IVGID, at (775) 832-1207 or via e-mail at sah@ivgid.org.



DECLARATION

Audit Committee Member
Incline Village General Improvement District

STATE OF NEVADA

COUNTY OF WASHOE

For the purpose of having my name considered as an Audit Committee Member of Incline Village General Improvement District, I, the undersigned, _____, do swear or affirm under penalty of perjury:

(a) that I actually, as opposed to constructively, reside at _____, within the boundaries of Incline Village General Improvement District, County of Washoe, State of Nevada; (b) that my actual, as opposed to constructive, residence in the District to which the membership pertains began on a date at least thirty (30) days immediately preceding the date of the close of filing of letter of interest and resume for this position; (c) that my home telephone number is _____, my personal e-mail address is _____, and the address at which I receive mail, if different than my residence, is _____; (d) that I am a qualified elector pursuant to Section 1 of Article 2 of the Constitution of the State of Nevada; (e) that if I have ever been convicted of a treason or a felony, my civil rights have been restored by a court of competent jurisdiction; and (f) that if I am confirmed as a nonpartisan appointee to Audit Committee for the Incline Village General Improvement District Board of Trustees, I will accept the appointment and not withdraw.

Signature of Applicant

State of Nevada
Washoe County

Subscribed and sworn to before me this _____ day of the month of _____, of the year _____.

Notary Public

MINUTES

AUDIT COMMITTEE MEETING OF MARCH 11, 2020 Incline Village General Improvement District

The Audit Committee meeting of the of the Incline Village General Improvement District was called to order by Chairman Matthew Dent on Wednesday, March 11, 2020 at 4:30 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Sara Schmitz and Matthew Dent. Trustee Tim Callicrate arrived at 5:35 p.m.

Also present were Controller Lori Pommerenck.

Members of the public present were Steve Dolan, Margaret Martini, Denise Davis, and others.

(13 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

B. PUBLIC COMMENTS*

Margaret Martini read from a written statement which is attached hereto.

Joy Gumz read from a written statement which was not submitted; In Fiscal Year 2018, the District received three grants from the Federal Emergency Management Agency (FEMA), and Nevada Department of Public Safety (DPS) of \$382,542.34 according to the US Federal government records. The grants were disaster grants for public assistance. FEMA awarded the grants to DPS on August 17, 2017. The subgrants were awarded by DPS to IVGID on March 14, 2018, March 15, 2018, and May 15, 2018; that is almost two years ago. In the District's audited financials of 2018/19, it was stated these grants have not been paid; that is true. She noted she has checked with DPS that payments have been made. However, IVGID has performed work on these two and maybe three projects. In July 2018, the District paid Cinderlite Trucking, FW Carson, Aubeck Construction for work on one of these projects. The description was wetlands roadway repairs on June 28 and June 29. The costs were charged to capital improvements, the fund was utilities, department was sewer, and division administration. The repairs were capitalized. It's unknown if this was later changed. She said she cannot provide details of the other projects in the three minutes. She asked what controls does the District have for managing grants. Why have no monies have been received from DPS? Part of managing projects is managing funds for those projects. Who is responsible for project management of these grants?

C. APPROVAL OF AGENDA (for possible action)

Chairman Dent asked for changes to the agenda, none were made; the agenda was approved as submitted.

D. GENERAL BUSINESS (for possible action)

- 1. Review, discuss, and possibly recommend to the Board of Trustees at their March 11, 2020 Board of Trustees meeting that the Audit Committee Chair be authorized to engage an independent expert for a sum not to exceed \$35,000 to give an opinion and/or guidance on the issues raised by the Board of Trustees regarding the District's 2019 CAFR as well as guidance on accounting policies used in the preparation of the District's financial statements. (Requesting Trustee: Audit Committee Chairman Matthew Dent)**

Chairman Dent stated we want to move forward with internal controls assessment and policies and procedures.

Trustee Schmitz stated she doesn't want this to be a massive re-do of an audit. We need to be careful and timely. It stated in the audit report that it relied on internal controls which she has asked for and have not been provided. Trustee Schmitz then referenced a September 30, 2016 invoice in the amount of \$4,200 from Eide Bailly for delivery of documentation. She said it was one thing she identified and want to specifically request from Eide Bailly this documentation. We have an issue where we paid the invoice and didn't receive the deliverable. Chairman Dent said he was in contact with Eide Bailly regarding these documents. He said the response he received was that there were only working papers and that they are willing to put a meeting together to talk about this. Trustee Schmitz said she hasn't been able to get anywhere with this. She requested the constituent communication related with this. She said these are probably on the list for the CAFR. She said we shouldn't pay for it a second time. Chairman Dent said he has had discussions with Eide Bailly who agreed to come to talk with us but we would have to pay them to come back. He stated we need to identify what we want to request of them. Trustee Schmitz said this raises different issues with internal control with paying invoices. If they never received the paperwork, they shouldn't have paid for it. Chairman Dent said the plan was to secure the funds, get this budgeted, and on a Board agenda. He said we can work together to determine the scope to make sure we aren't doing anything redundant. Trustee Schmitz said she wants to be fiscally responsible while getting to the bottom of this. Chairman Dent said if there are things that need correcting, we need to correct them. We need to stop

repetitive questions year after year. We need answers to put this behind us. Trustee Schmitz said she would like to, when we get to that point, bring it back to the Board for approval. Chairman Dent said any expenditures will be brought back to the Board and that we will take this to the Board with whatever constraints. At the Board meeting, we will say we are moving forward and we are all on the same page.

Interim District General Manager Winquest provided a point of clarification; he said he supports this, the questions do deserve answers and pointed out that it is an unbudgeted item and an unbudgeted expenditure.

Trustee Schmitz made a motion to take this initiative to the Board of Trustees for their approval at their meeting later today. Chairman Dent seconded the motion and called the question; the motion was unanimously passed.

2. **Review, discuss, and possibly recommend to the Board of Trustees at their March 11, 2020 Board of Trustees meeting that the Audit Committee Chair be authorized to engage an independent expert for a sum not to exceed \$45,000 to facilitate internal controls assessment including but not limited to recommend internal controls, policies and procedures for District businesses and functions, including auditing the accounting and reporting of the punch card utilization for the last 4 to 7 years. (Requesting Trustee: Audit Committee Chairman Matthew Dent)**

Chairman Dent said the goal of this item is to figure out where we are as a District. He spoke about public records request of internal controls. He said there is a policy or practice from twenty-five years ago so there was framework. This will set a base for Staff. There may be a department with great internal controls that could be used District wide. We don't know that but we can bring in an expert and there is no reason to re-invent the wheel. We can rely on that expertise instead of re-inventing the wheel.

Trustee Schmitz had questions about the thought process for this item. She referenced the last sentence regarding the punch cards. She said she is curious how that got put together. Chairman Dent said that perhaps that was intended for a prior agenda item. Chairman Dent said dealing with CAFR, this would be an easy thing to add to that.

Trustee Schmitz reported she has reached out to Washoe County who has been open and responsive. She asked if we could leverage something from Washoe County for internal controls.

Chairman Dent spoke about using a third party to facilitate an assessment and figure out where we are. Trustee Schmitz said we need to be financially responsible and tap into other resources. Chairman Dent said he isn't familiar with leading an assessment of an internal audit thus he would rather pass it off to an expert. If Trustee Schmitz thinks differently, Chairman Dent said he is all for it and if there is something we can use, it's a step in the right direction, but it doesn't tell us where we are. Trustee Schmitz recommended taking out the last clause and recommended earmarking and allocating funds to do this important activity. Interim District General Manager Winqest stated we can create a scope of work and said that this could be spread across funds. He clarified he has given direction to our interim Director of Finance to layout our internal controls. Staff is trying to get a head start on that before the new Director of Finance comes on board. Interim District General Manager Winqest reminded the Trustees that Staff is currently creating an operating budget and filing. He said we need to be clear on how much time it would take for Staff. Chairman Dent said the new Director of Finance will add value and that he may identify gaps. Trustee Schmitz said on both agenda items 1 and 2, we need to identify who will take the leadership role to carry this through as we haven't done that as that is an important next step. Chairman Dent asked Trustee Schmitz if she wanted him to nominate her for that task; he said he had reached out to a couple of consultants for this item and said he can work with Trustee Schmitz on these items. Trustee Schmitz said that was fine and just wanted someone to own it.

Trustee Schmitz made a motion to move this item forward to the Board of Trustees at their meeting later today and to remove this last clause from this item and add it to the previous General Business Item 1. Chairman Dent seconded the motion and called the question; the motion passed unanimously.

3. Review, discuss, and possibly approve revising Board Policy 15.1.0 to incorporate the Audit Committee Charter Document. (Requesting Trustee: Sara Schmitz)

Chairman Dent noted Audit Committee members received supplemental information regarding the audit charter. Trustee Schmitz said this sample audit charter came from Washoe County. She said the version being handed out is proposed to be a nearly finished version and that she would recommend removing Washoe County and that she is proposing a change regarding the make-up of the Audit Committee and changed it from 3 voting members to 5 voting members with one advisory member with staggering two-year terms and noted that we typically have three trustees on the Audit

Committee. Under the heading of responsibility, voting members are limited to two (2) two-year terms with possibility of extending. On page three of the charter document, Trustee Schmitz said she added three (3) bullet points under Item 4. Review Procedures. She said she spoke with the District's Director of Human Resources and about the submission of complaints. She said these complaints could come from community members or could come from staff members. She added three (3) more points – one - ensure anonymous method is in place for submitting complaints; two - ensure public and employees are informed on how they can submit a complaint; and three - keep the submitter informed on the process of the situation unless its submitted anonymously. Trustee Schmitz continued by suggesting that review and track complaints be added and do so by implementing a method of tracking and put together a flow chart on how it will be handled. Trustee Schmitz said the District's Director of Human Resources shared the open message to employees for this type of process; Trustee Schmitz said this needs to be updated. Trustee Schmitz stated the message explains the Audit Committee complaints go to the District Clerk but it should go to the Audit Committee Chair. Chairman Dent said those are good recommendations and agreed the complaint should come to Audit Committee versus going to Staff. Trustee Schmitz said her hope it is to fine tune this and then the Audit Committee can bring it to the Board for approval. She will put together a flowchart and a how to track complaints as well as interact with IT Staff to set-up of how complaints can be submitted.

Trustee Schmitz referenced Statement of Accounting Standards on page 4 and said Auditors are supposed to communicate with each other and that it is a supplemental document.

Chairman Dent asked Trustee Schmitz about her proposal of voting members and asked if this came from Washoe County. Trustee Schmitz explained the Washoe County model and noted one voting member shall be appointed by the Board of Washoe County Commissioners and one member serves from the Washoe County Commission. She said she made the suggested change to three (3) Board members. She wonders if there are other Board members that aren't non-voting. Chairman Dent said he saw a flyer seeking input from the members of the public to be on the Audit Committee. Chairman Dent asked Trustee Schmitz on the reasoning of why or why not make the public members voting members. Trustee Schmitz said we want public members involved. She stated two at-large members are appointed by Washoe County's Board of Commissioners. She said regardless if they are voting or non-voting, their involvement is important. She said they might feel more committed if they are voting members. Chairman Dent agreed and said involving a public member is a good thing. Trustee Schmitz said she can take this back to Washoe County and ask

clarifying questions. Chairman Dent said he would like more clarification and then present a draft for review at the Audit Committee before moving forward. Trustee Schmitz said she will share it with the District Clerk to share with all the Board members. Trustee Schmitz then reviewed item 13. She said she recommended the Treasurer and Board Chair reviews all invoices to understand billing activities. She noted this recommendation came after this material was distributed. Chairman Dent recommend she update it and provide to the District Clerk for review at the next meeting. Interim District General Manager Winquest stated Washoe County is not a general improvement district and that he would suggest benchmarking to other general improvement districts. The Audit Committee Members and Interim District General Manager then discussed recruitment and seeking members with financial or accounting experience in Nevada. Interim District General Manager Winquest stated it needs to be a transparent recruitment process that seeks public members who are neutral and productive.

4. Review, discuss, and possibly provide direction to the Interim General Manager regarding the breakdown of internal controls as it relates to purchase/task orders issues by Staff (Requesting Trustee: Sara Schmitz)

Trustee Schmitz introduced the item and said we have identified situations whether its communication or can't find the deliverable. She said the discussion is how does the Interim District General Manager confront these challenges while we are absent of internal controls. Interim District General Manager Winquest said in regards to this particular example, he said it was a contract approved by the Board, then the dollar amount was found out, it was more than what was printed under the General Manager's authority; it should have been communicated to the Board Chair regarding the increased amount. Interim District General Manager Winquest said communication is key as this could have been avoided with communication. He said don't sign-off if you don't have a deliverable or a description of what we signed-off on. There are protocols and Staff will be reviewing spending authority and routing. He said we will identify that these things have happened and take the best path forward to make sure these things don't happen again. He will handle it with communication and ensure the Staff knows how to handle it.

Chairman Dent said there are other instances such as in the Utility Fund and that the District needs an internal control audit. Trustee Schmitz said there needs to be clear expectations. She said there was only one signature on Eide Bailly invoice and perhaps there needs to be two. Interim District General Manager Winquest explained the approval processes and explained how Staff has spending limits and authority but we can further identify those controls. Interim District General Manager Winquest stated

there is a process in place. He said he receives a lot of purchase orders but doesn't approve them until he gets information whether it was an identified budgeted project. He said there is oversight and sometimes it gets missed. Trustee Schmitz said even if you have two signatures, it needs to confirm if the scope of work got completed and did we receive the deliverable. Interim District General Manager Winqest said we will work with new Director of Finance. Chairman Dent asked if we need to have a training program for Staff. Interim District General Manager Winqest said he will meet with the Director of Finance next week to discuss review of internal controls. Interim District General Manager Winqest stated there wasn't enough communication over the past few years and this can be resolved.

5. Set the date/time for the next Audit Committee Meeting (Requesting Trustee: Audit Committee Chairman Matthew Dent)

The Audit Committee members discussed the possibility of having the next Audit Committee meeting on March 25, 2020 and the due date for agenda items for the packet.

Trustee Schmitz said if these items are approved by Trustees, we can move quickly and bring those items back. Chairman Dent said he doesn't need to bring back the scope of work. Interim District General Manager Winqest reminded the Audit Committee members that it's going to be a long meeting tonight and on March 25 but he is available if they want to schedule it on March 25. The Audit Committee members and Interim District General Manager Winqest discussed the timing of the packet compilation. Trustee Schmitz said she would like to move the charter along but lead time for Board packets are a challenge. Chairman Dent recommended bringing a first draft and noted that it doesn't have to be perfect. Trustee Schmitz requested to review Audit Committee Charter on March 25. Chairman Dent said the next Audit Committee meeting will be at 5 p.m. on March 25, 2020.

E. APPROVAL OF THE MEETING MINUTES (for possible action)

1. Audit Committee Meeting of February 12, 2020.

Audit Committee Chairman Dent asked for changes, none were received, so the minutes were approved as submitted.

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

Joy Gumz said the idea was to look to Washoe County and other governments. She said the problem is IVGID has two golf courses, retail shops, ski resort, and restaurants. Washoe County doesn't have these. These are cash type venues. She said don't always look at government for internal control rather look at private for good private controls. The management needs to understand internal controls. She said she has worked in that field. Please look at the private sector. Washoe County doesn't have the same services.

Mike Able said IVGID runs a bunch of businesses. He said we selected a finance manager with government experience. It doesn't have to be a factor. He said we are running businesses. We could ask Mt. Rose about their internal controls. There is a plethora of businesses who can provide internal controls. He said he wanted to amplify what Ms. Gumz said and noted that it IVGID's policy is "we have always done it this way".

Trustee Callicrate arrived at 5:35 p.m.

Mark Alexander apologized for being late and that he arrived during the discussion of processes and training. He said he didn't hear any consequences. He said we can do all training we want to do, but without consequences, there is no enforcement. There needs to be consequences and actions if you deviate. If they deviate, there should be consequences. They need to be firm and enforceable to show the employees.

G. ADJOURNMENT

The meeting was adjourned at 5:40 p.m.

Respectfully submitted,

Misty A. Moga
Acting District Clerk

Attachments*:

**In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.*

Submitted by Margaret Martini (1 page): IVGID 3-11-20 Audit Committee Meeting
Public Comments By Margaret Martini – To be included with the Meeting
Minutes

IVGID 3-11-20 Audit Committee Meeting Public Comments

By Margaret Martini – To be included with the Meeting Minutes

I commend Audit Committee Chair Dent, Treasurer Schmitz and Board Chair Callicrate for developing an expanded Charter that actually undertakes the responsible oversight required of an Audit Committee. I encourage you to take immediate action to reach out to members of our community with accounting and financial backgrounds to serve on the Committee. I also support the engagement of independent experts to provide resources to the Committee to ensure that we have an effective framework of internal controls and our financial statements comply with Nevada law and generally accepted accounting principles. We also need a whistleblower policy for staff and citizens. To ensure confidentiality and timely investigations, this committee should have the authority to engage an independent attorney and other experts.

As we do not employ an internal auditor, I highly recommend that you engage a consultant to perform these functions once we have established internal control policies and procedures. I believe this function should always be performed by a consultant to ensure complete independence as well as allowing you to budget and prioritize the annual scope of work.

Our citizens are relying upon you to restore the public trust. I am hopeful that today's meeting is the first step forward.