

M E M O R A N D U M

TO: Audit Committee

FROM: Sara Schmitz
Audit Committee Member

SUBJECT: Review, discuss, and possibly provide direction to Staff on a Whistleblower Program and any revisions that may be required to Policy 15.1.0, Long Range Principles #3 and existing Human Resources policies and/or procedures

STRATEGIC

PLAN REFERENCE(S): Long Range Principles #2, #3 (requires updates),
and #6

DATE: January 31, 2020

I. RECOMMENDATION

That the Audit Committee review the attached Best Practices document (EideBailly's The Audit Committee's Role – Whistleblower Policies dated September 2018 by Peggy Jennings) as it pertains to whistleblower policies; review the existing procedures for the receipt, retention, and treatment of complaints; review and provide feedback on the recommended language to be incorporated into Policy 15.1.0 for Board approval; and provide Staff direction for any updates to the procedures.

The web link to the attached article is as follows:

<https://www.eidebailly.com/insights/articles/2018/9/whistleblower-policies>

The recommended update to policy 15.1.0 item 2.4 is to read:

“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 regarding fraud and/or questionable accounting or auditing practices.

- 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.”

The above language is taken from the Washoe County Audit Committee Charter which is attached.

The District Strategic Plan needs updates to Long Range Principle #3 to incorporate this process. The District also needs to review the Personnel Policy 2.10 which is attached hereto.

II. BACKGROUND

The Audit Committee is responsible for overseeing the 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 regarding fraud and/or questionable accounting or auditing practices to ensure compliance with Policy 15.1.0, subparagraph 2.4. Attached are the minutes of the Audit Committee meeting for December 12, 2018 and May 6, 2019 which includes the annual report from the Audit Committee. These two documents discuss whistleblower items and are provided for reference. Also included is an “Open Message to All IVGID Employees” taken from the Intranet which provides information that is available to all IVGID employees and again is provided as a reference.

III. FINANCIAL IMPACT AND BUDGET

By enhancing and providing staff support related to these procedures, all members of staff become an active participant in overseeing and protecting our District’s finances.

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 #3 – NEEDS UPDATING

This principle relates to employees. The principle needs to be updated to reflect the “whistleblower” procedures. In addition, there a reference to ethics should be developed and included.

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.

The Audit Committee's Role - Whistleblower Policies

September 2018 | Article

By [Peggy Jennings](#)

Related Solutions:

[Audit & Assurance](#)

[Board Education & Training](#)

An effective whistleblower policy is a key defense against fraud and abuse of resources. The audit committee can play a significant role in establishing and monitoring this policy.

The first step in establishing a strong policy is to develop a culture in which employees view the reporting of questionable practices and actions as a contributing factor to an environment of integrity. The audit committee can play an important role in assuring all employees are encouraged to report suspected violations of internal policies or external laws.

To be effective, the reporting process must incorporate features that ensure confidentiality of those reporting their concerns. The audit committee must also ensure all employees are confident they will be protected from retaliation.

A sound whistleblower policy contains components such as the following:

- A flowchart of the reporting communication chain so all employees know who their primary reporting person is. This chart should include information regarding the persons involved in the receipt, handling, and disposition of complaints, including the role of the audit committee. Additional information should be included for any concerns involving top management, as these reports will require a different communication chain (such as directly to the chair of the audit committee or to internal counsel).
- Confidentiality safeguards that ensure anonymity of individuals communicating concerns, as well as the methodology for making an anonymous report.
- Information regarding how reported matters are investigated; for example, are all reports communicated to the audit committee? You might also consider having a process by which the disposition of concerns is communicated back to the reporting party (obviously not possible if concerns are anonymously reported).

- Safeguards in place regarding confidentiality, and perhaps a process used to investigate suspected retaliation against reporting parties.

Other matters to consider include:

- developing a process for internal audit of the whistleblower program to insure the operating effectiveness of the protocols, and,
- observing retention policies regarding documentation, investigation and resolution of reported concerns.

The importance of establishing a strong whistleblower policy cannot be over-emphasized. Of equal importance, however, is the knowledge such a process exists. It is imperative that employees recognize that their concerns are being communicated and that appropriate investigative steps will be taken to resolve them. While developing your policy, consider having all employees annually sign a statement stating that they are aware of the policy and are following established protocols.

Eide Bailly's Nonprofit team works closely with our Fraud & Forensic Advisory team to assist nonprofits in reviewing existing policies and evaluating the strength of internal controls. In addition, we have established an online anonymous hotline service that can be utilized by our clients. Please contact any member of your Eide Bailly service team to discuss how we can be of assistance.



LONG RANGE PRINCIPLE #3 Workforce

Attract, maintain and retain a highly qualified, motivated and productive workforce to meet the needs of District venues:


- Staff will evaluate open position job descriptions, for need to fill, level of and related compensation for the position.
- Re-evaluate, during the budget process, the optimum level of Staff and related total compensation, necessary to each department based on industry standard and levels of service.
- Comply with State and Federal regulations.
- Continue to provide a safe environment and continue to strive for low workers compensation incidents.
- Identify individuals for retention and growth for management succession within the District.
- Work with Staff to improve employee engagement and culture through focused performance management goals, engagement participation and incentives.

Objectives for 2020-2022

1. In order to remain competitive, use the rotating schedule for evaluating each position to ensure District is competitive with its total compensation and benchmarks.
2. Finalize selection and begin implementation of new Human Resources system for better efficiencies and automation.
3. Identify potential changes of status, costs and retention for year round Operations at various summer locations throughout the District.
4. Continue goal setting that encompasses employee engagement participation for measured performance measurement goals and objectives with set increases that correlate directly with goals and engagement measures.
5. Educate Management Staff through specific trainings on how to engage, educate and foster better communication.

Budgeted Initiatives for 2020-2022

- A. Review budget, number of positions to salary and benefits and conducts surveys to ensure we are doing our best to attract, maintain and retain qualified employees across the District and all statuses.

- 
- B. Understand the potential financial impacts of staffing, hourly wages, increased minimum wage and retention of year round employment changes at current recreational exemption status.
 - C. Continued communication, implementation and change to increase employee engagement participation that correlates with accountability and meeting set mutual goals for year round employees.
 - D. Conduct Management trainings at various times throughout the year to bring awareness to communication, the impact you can have on your employees and educate management and staff on Federal, State and our own personnel policies.
 - E. Choose and implement a new HRIS/Payroll system to increase efficiencies, automation, and communication to be used across all venues throughout the District.



PERSONNEL POLICIES

who are present at the workplace.

2.9 **Employment of Relatives (Nepotism)**

Pursuant to NRS 281.210, no supervisor, manager or appointing authority, including Trustees of the District may employ in any capacity on behalf of the District any relative who is within the third degree of consanguinity or affinity (see Appendix A Consanguinity/Affinity Chart). Existing employees may continue in their current position following the election of their relative to an appointing authority position.

No two benefitted employees shall work within the same department within the first degree of Consanguinity/Affinity. Departments are identified as Public Works, Parks & Recreation, Golf, Ski and Administration.

In addition, no person will be hired or promoted to a position that would require supervision by a relative who is within the third degree of consanguinity or affinity. For purposes of this paragraph, supervision includes first, second or higher levels of supervision. (Example: An employee reports to an immediate supervisor, who reports to a Division Manager, who reports to a Department Head. The employee may not be related within the third degree of consanguinity or affinity to the supervisor, Division Manager or Department Head.)

2.10 **Code of Conduct and Ethical Standards**

Employees of the District recognize that employment with the District is a public trust. To preserve that trust, the District insists on the highest code of conduct and ethical standards. The purpose of this policy is to define and establish standards of ethical conduct that are required of public officials and employees so as to ensure their professional integrity in the performance of their duties. SB228 requires that employees hired after June 13, 2013 will be provided information prepared by Nevada Ethics Commission concerning standards under NRS 281.

2-52

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

The employees of the District must comply with the following provisions while performing their duties and responsibilities and/or representing themselves as an employee of the District. This list is not all-inclusive, but simply provides the basic level of conduct expected.

1. All employees will conduct themselves with honesty and integrity in the course of performing their job.
2. They will act with care and diligence in the course of their employment.
3. They will treat everyone, including coworkers, subordinates, supervisors, customers and the public, with the utmost respect and courtesy.
4. They will accept and value differences amongst each other, our customers and the public.
5. They will comply with all applicable federal, state, and local laws.
6. They will comply with any lawful and reasonable direction given by someone in the District who has authority to give the direction.
7. They will maintain appropriate confidentiality.
8. They will disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with their employment.
9. They will be at work and on time regularly and perform their job duties in a responsible manner.
10. They will use District resources in a manner that is

2-53

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

acceptable to the District.

11. They will not provide false or misleading information in response to a request for information that is made for official purposes in connection with their employment.
12. They will, at all times, act in a way that upholds the values and the integrity and good reputation of the District.
13. They will comply with any other conduct requirement that is prescribed by the District as well as District policies.

In addition, consistent with the provisions of NRS 281A.400 and NRS 281.230, District's officials and employees are required to comply with the following ethical standards:

1. No official or employee shall seek or accept any gift, service, favor, employment, engagement, perquisite, gratuity, or economic opportunity or advantage which would tend improperly to influence a reasonable person in his/her position to depart from the faithful and impartial discharge of his/her public duties.
2. No official or employee shall use his/her position with the District to secure or grant unwarranted privileges, preferences, exemptions, or advantages for him/herself, any member of his/her household, any business entity in which s/he has a significant pecuniary interest, or any other person.
3. No official or employee shall participate as an agent of government in the negotiation or execution of a contract between the governmental entity and any private business in which s/he has a significant pecuniary interest.
4. No official or employee shall accept any salary, retainer, augmentation, expense allowance, or other compensation from any private source for the performance of his/her duties as an official or employee.

2-54

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

5. If an official or employee acquires, through his/her public duties or relationships, any information which, by law or practice, is not at the time available to the public generally, s/he shall not use such information to further his/her own current or future pecuniary interests or the current or future pecuniary interests of any other person or business entity.
6. No official or employee shall suppress any governmental report or other document or information because the release of such report or information has the potential to impact his/her own pecuniary interests or those with whom s/he has a business or personal relationship.
7. No official or employee shall use governmental time, property (including monies or funds), equipment, or other facility to benefit his/her personal or financial interests.
8. No official or employee shall attempt to benefit his/her personal or financial interest(s) by influencing or intimidating a subordinate.
9. No official or employee shall seek other employment or contracts through the use of his/her official position or the influence associated thereto.
10. An official or employee shall not, in any manner, directly or indirectly, receive any commission, personal profit, or compensation of any kind resulting from any contract or other transaction in which the District is in any way interested or affected except:
 - a. A member of any board, commission, or similar body who is engaged in the profession, occupation, or business regulated by the board, commission, or body may, in the ordinary course of his/her business, bid on or enter into a contract with any governmental agency, except the board or commission of which s/he is a

2-55

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

member, if s/he has not taken part in developing the contract plans or specifications and s/he will not be personally involved in opening, considering, or accepting offers.

- b. A public officer or employee, other than an officer or employee described in a. above, may bid on or enter into a contract with a governmental agency if the contracting process is controlled by rules of open competitive bidding, the sources of supply are limited, s/he has not taken part in developing the contract plans or specifications, and s/he will not be personally involved in opening, considering, or accepting offers.
- c. District employees will maintain professional conduct at all times with the Board of Trustees, other employees, the public and other agencies, and avoid any conduct that may be detrimental to the District.
- d. Exceptions for small gifts such as food which can be shared with other staff are acceptable as are tips for tip approved positions. Recreational venues may accept promotional items that are approved by the Department Head as long as under no circumstances will favoritism be displayed for a product as a result of a supplier gift.

Violations of any of the above provisions may result in disciplinary action, up to and including termination.

2.11 Political Activity

Employees are not to engage in political activity of any kind during working hours. This includes, but is not limited to: soliciting money, influence, service, or any other valuable thing to aid, promote, or defeat any political committee or the nomination or election of any person to public office. Wearing or displaying of apparel, buttons, insignia, or other items which advocate for or against a political candidate or a political cause is also an example of political activity

2-56

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014

MINUTES

AUDIT COMMITTEE MEETING OF DECEMBER 12, 2018 Incline Village General Improvement District

The special meeting of the Audit Committee of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Phil Horan on Wednesday, December 12, 2018 at 4:40 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 Phil Horan and Peter Morris. Trustee Kendra Wong joined the meeting at 4:47 p.m.

Also present were District Staff Members Director of Finance Gerry Eick and Communications Coordinator Misty Moga.

Members of the public present were Margaret Martini, Frank Wright, Dan Carter, and Craig Morley.

(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.

Frank Wright said first of all, he opposes Trustee Horan participating as he lives in Reno. What exactly do you do on the Audit Committee? The guy behind me is with Eide Bailly and Ms. Martini just gave a bunch of information and this guy just sat there and took no notes. There is a lot of allegations about money that is missing and reports issued to the auditors, Eide Bailly, and here you are about to approve to have them again and they don't do anything. The Audit Committee doesn't do anything and you are supposed to represent this community and you don't really do anything thus he is not sure why you are all on this committee. Financial disclosures for this District are nonexistent. Money that is missing is up to the auditors to see if it is missing and up to them to ask about it. He was at a Board meeting where Mrs. Dobler asked where the money was and no one answered her. Now Staff is hiding the information and scrambling for the facts. What it all comes down to is that he wants to let the auditors understand that they are responsible and that the public has seen some accounting and auditing firms that have paid huge fees for not doing their due diligence. He would not want to be the

auditors for this District. The Nevada Legislative numbers have changed and it is going to come down so he would not play games as things are going change. Be very diligent about what you do.

C. APPROVAL OF AGENDA (for possible action)

Chairman Horan asked for changes to the agenda; none were requested thus the agenda is approved as submitted.

D. REPORT TO AUDIT COMMITTEE*

D.1. Verbal Report from Chairman of the Audit Committee on the status of the updated Policy 15.1.0, sub-paragraph 2.4

Chairman Horan turned it over the District General Manager Pinkerton. District General Manager Pinkerton discussed the ability for employees to directly relay their concerns to the Audit Committee, that Staff implemented the required policy, and all employees have been made aware. Chairman Horan asked how we did that. District General Manager Pinkerton said it was communicated to the Management Team and is available online for awareness. Chairman Horan asked if the Director of Human Resources was responsible for managing that communication, District General Manager Pinkerton said yes, that is correct. Trustee Morris said that he has received nothing and asked if we have had any member of the team receive anything regarding the audit items. District General Manager Pinkerton said no, we have not. Trustee Wong confirmed that she has not received anything either.

E. GENERAL BUSINESS ITEM (for possible action)

E.1. Presentation and Acceptance of June 30, 2018 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor (Requesting Staff Member: Director of Finance Gerry Eick)

Director of Finance Gerry Eick gave an overview of the submitted memorandum. Eide Bailly Engagement Partner Dan Carter was present and said that they have provided an independent audit report with an unmodified opinion, which is the highest level of assurance they can provide and is a clean audit opinion. Agenda packet page 108 is the yellow book audit and on the last paragraph of the first page, it states that they did not find any deficiencies so again; this is a clean audit and a good opinion. Our Auditors

comments are on agenda packet page 110. There were no Nevada Revised Statutes or Nevada Administrative Code violations nor any findings related to the prior year's audit; a clean audit and opinion. Trustee Wong asked if there were any significant adjustments. Mr. Carter said no, they did find one but it was deemed a past adjustment that was an error in the pivot table and the District corrected it. Trustee Wong asked what is materiality. Mr. Carter said the auditors calculate as part of their audit and that it is the auditors' judgment as to what goes into our testing, etc. Trustee Morris said that you are aware that we have a small but pretty vocal group in the community who are all about accounts being fixed and fudged thus he would appreciate your professional comment that you found nothing on that. Mr. Carter replied that if we find things that concern us, we are required to report that. We have a team of three people plus him who look at the books and records and they found everything to be accurate. When we receive those communications, we do discuss them with the Audit Committee and Management and do consider those as part of our audit. Chairman Horan said following up on that, we have had some conversations and that there have been different times where people have addressed correspondence to you, State of Nevada, and us and that there was a letter sent in early September that suggested abuse of accounting and other things that weren't appropriate; were those considered in your opinion. Mr. Carter said yes, they were.

Trustee Wong made a motion to accept and recommend to the Board of Trustees approval and acceptance of the June 30, 2018 unmodified audit report and direct Staff to file the Comprehensive Annual Financial Report (CAFR) with the State of Nevada and make it generally available for public use. Trustee Morris seconded the motion. Chairman Horan asked for further comments, receiving none, he called the question and the motion was passed unanimously.

E.2. Designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2019 – Eide Bailly, LLP in the amount of \$57,000

Director of Finance Eick gave an overview of the submitted memorandum.

Trustee Morris said, regarding the annual fee in the memorandum, that this annual fee was the one that was previously set. Director of Finance Eick said that is correct and that it has remain unchanged.

Trustee Wong thanked Mr. Carter for their service.

Chairman Horan said that Eide Bailly is a well respected entity and that they also do the auditing for the city of Sparks as well as Washoe County and that their firm is ranked nineteenth or twentieth.

Trustee Wong made a motion to designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2019, under their multiyear contract (covering 2016 through 2020) as outlined under the financial section in the amount of \$57,000. Trustee Morris seconded the motion. Chairman Horan asked for any comments, receiving none, he called the question and the motion was passed unanimously.

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

F.1. Audit Committee Meeting of January 24, 2018

Chairman Horan asked for any changes, receiving none, the minutes were approved as submitted.

G. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see Public Comment Advisory Statement above.

Frank Wright said as he suspected we approved a contract with Eide Bailly, which is like the oversight of a mall cop, and that he cannot believe they have done any due diligence to see what is going on in this place. He will predict that Eide Bailly will be found guilty of malfeasance. Today, he verified that the Audit Committee does nothing. What we have is a rubber stamp Audit Committee and Board who do not ask any questions about what this audit is trying to accomplish. All are complacent, all the information we are trying to get is being denied to us, and there are people who have grabbed on to that there are things that are wrong. Trustee Wong – who hid behind TrueBluFacts, Chairman Horan – doesn't live here, and Trustee Morris – who has serious financial problems; it is unbelievable that you allow the General Manager to act and it is unbelievable as he doesn't think you give a snot about this community. There are people who are going to come forward about the election and are upset about what is going to happen. He is going to make predictions – Chairman Horan, if you live in Reno, leave in peace and do not bring the negative to yourself. Trustee Morris, why are you bring the negative to yourself - do what is right.

Margaret Martini said that the Audit Committee should have members of the community on it and that there are certain members of the community who are far more qualified and who have asked to be on the committee yet they were members shunned from this committee which is inherently wrong. If you want to be there, you need input from a source that is not a member of the Board or someone who has far more qualifications. To Trustee Morris, there are a few who are causing all of these problems, well, we have more people at the Board meetings than you do. What does that say – exercise in futility, look at it, as you need to be open to qualified members of the community to give you advice because it is certainly needed.

H. ADJOURNMENT (*for possible action*)

The meeting was adjourned at 5:08 p.m.

Respectfully submitted,

Susan A. Herron
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 December 12, 2018 Audit Committee Meeting Public Comments By: Margaret Martini – to be included with the Minutes of the Meeting

IVGID December 12, 2018 Audit Committee Meeting Public Comments
By: Margaret Martini – to be included with the Minutes of the Meeting

This Audit Committee exists in name only. It doesn't even attempt to meet the minimum standards of its responsibilities. Although there are three members, all the authority is vested in the Chair. Although it used to meet quarterly, it only meets annually. In November of 2017 it created a new Policy 15.1.0. One year later, this policy has no relevance as Chair Horan and Trustees Wong and Morris have failed to comply.

Today, there is no written annual Audit Committee Report for the District's Board as required under clause 2.6. There is also, no further explanation of the procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing matters or suspected fraud. There are also no reports of investigations, responses or resolution of these complaints.

Apparently, we will have a verbal report from the Chair on the status of subparagraph 2.4. Not having this written for advance review by our Trustees and our citizens does us all a disservice. So too, does a rubber stamp approval by this Committee of the Audited Report and the appointment of our auditor for another year. I say this because I have no confidence in this Committee and have no validation that they exercise any level of due diligence.

MINUTES

AUDIT COMMITTEE MEETING OF MAY 6, 2019 Incline Village General Improvement District

The special meeting of the Audit Committee of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Phil Horan on Monday, May 6, 2019 at 12:06 p.m. at the IVGID Boardroom located at 893 Southwood Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Phil Horan, Kendra Wong, and Peter Morris.

Also present were District Staff Members Director of Finance Gerry Eick.

No members of the public were present.

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

B. PUBLIC COMMENTS*

No members of the public were present.

C. APPROVAL OF AGENDA (for possible action)

Chairman Horan asked for changes to the agenda; none were requested therefore the agenda is approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

1. Review, discuss and possibly approve the Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018 (Requesting Trustee: Chairman of the Audit Committee Phil Horan)

Chairman Horan asked the Director of Finance Eick to walk the Audit Committee Members through the submitted report; Director of Finance Eick did so. Chairman Horan asked if the report would come to the next Board of Trustees meeting; Director of Finance Eick said Staff will post it and notify the Board of Trustees as such. Chairman Horan said that two things that were of importance to him was the correspondence received by Eide Bailly

and their confirmation of no items that needed consideration and then the revision to the policy the opportunity to District Staff to report, in a confidential matter, they could report any activity they desired. Trustee Wong said that this e-mail served as a whistleblower hotline doesn't allow for doing so without attribution to the person sending the e-mail. Director of Finance Eick said that we identified the members of the Audit Committee and told Staff they could contact any member without management involvement. There is no State requirement for local governments to have an anonymous method. Trustee Morris agreed with having an anonymous method to report. Trustee Wong suggested a form be created with submittal directly to the Audit Committee. Director of Finance Eick said the Intranet is being reconfigured and he can create a form relatively quickly and easily. Chairman Horan confirmed that he thinks the policy allows for more than one way for this reporting to be done. Director of Finance Eick will add that as item number 4 to the report. Trustee Morris asked if there had been any other communications that the Audit Committee needs to respond to. Director of Finance Eick said that he and the District Clerk are working on a public records request that is about something that he will show to the auditors.

Trustee Morris made a motion to approve the Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018. Trustee Wong seconded the motion. Chairman Horan asked for any further comments, none were received so he called the question – the motion was passed unanimously.

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

1. Audit Committee Meeting of December 12, 2018

Chairman Horan asked for any 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; see Public Comment Advisory Statement above.

No members of the public were present.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 12:17 p.m.

Respectfully submitted,

Susan A. Herron
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.*

MEMORANDUM

TO: Board of Trustees

FROM: Audit Committee
Phil Horan, Kendra Wong and Peter Morris

SUBJECT: Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018

DATE: May 1, 2019

Matters Relating to the Fiscal Year Ended June 30, 2018:

1. The Audit Committee met December 13, 2017 to ratify the selection of the District's auditor for the year ending June 30, 2018. The Board of Trustees approved that appointment and the State was informed of the designation of the auditor according to Statute.
2. Audit Committee members have had access to correspondence addressed to the Board of Trustees. Several of these items referred to audit and financial reporting issues. The Audit Committee Chair discussed the consideration of this correspondence with the Audit Engagement Partner during the September 2018 Fieldwork. The Audit Engagement Partner indicated no further action was deemed necessary.
3. The Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018 was received November 30 by District Staff and was distributed through the Agenda Packet for the December 12, 2018 meetings. The Independent Auditor's Report is Unmodified. Further, their Report on Internal Control and Compliance has no items to report. The Audit Committee and the Board accepted the June 30, 2018 CAFR and had it distributed as required by Statute.
4. After the December 12 meeting, the Audit Committee received the Independent Auditor's letter on professional responsibility. This sometimes is called the communication with those charged with governance. It is addressed to the Audit Committee and is intended solely for the Audit Committee, the Board of Trustees, and management. All Trustees received a copy of this letter.

Other Matters Going Forward:

1. With the revision of Policy 15.1.0, the Audit Chair asked Staff to propose a method to identify and track correspondence or other contacts that might be made to the Audit Committee outside of process for Board of Trustee correspondence. Staff recommended the establishment of an email account through ivgid.org specifically for the Audit Committee. This accounts allows the receipt to be date and time stamped and provide a ready method for tracking responses, referrals of these contacts, as well as any resolution. The email account is administered by the District Clerk and accessible by the Audit Committee members.

The District General Manager and District Clerk made a report to the Audit Committee about activity on the account through December 12, 2018.

2. The Committee asked Senior Staff to clearly communicate to all Staff, the invitation for confidential communication with the Audit Committee. A special section has been established on the District's Staff Intranet that presents the Policy 15.1.0 and provides the Audit Chair's and Committee Members contact information. The District General Manager had this completed through the Senior Team.
3. For the sake of efficiency, the Audit Committee ratified the designation of Eide Bailly, LLP for approval by the Board of Trustees, for the fiscal year ending June 30, 2019, for the December 12, 2018 meetings.

Open Message to All IVGID Employees

The Audit Committee of the Board of Trustees updated its Policy 15.1.0 effective November 15, 2017. During their discussion, the Committee emphasized a desire to be inviting to all IVGID Employees who feel they want to report a matter of concern that does not fit under the Personnel Policies. This approach and responsibility is embodied in Section 2.4 of Policy 15.1.0. Your submission will be held in confidence.

The Intranet Audit Section has a directory of IVGID Trustees. The Audit Committee Chair is Phil Horan and other members are Kendra Wong and Peter Morris.

Another method to submit items is an email account auditcommittee@ivgid.org. The site is administered by the Committee members and the District Clerk.