

**MEMORANDUM**

**TO:** Board of Trustees

**THROUGH:** Mike Bandelin  
Interim General Manager

**FROM:** Bobby Magee  
Interim Director of Finance

**SUBJECT:** Authorize the General Manager to Enter Into a Contract With Baker Tilly In An Amount Not To Exceed \$125,000 for Accounting and Audit Support Services.

Approval of the Department of Finance Staffing Augmentation Plan in the amount of \$483,397.

Approval of an Appropriations Increase in the Total Amount of \$608,397 to Support the Staffing Augmentation Plan and the Baker Tilly Contract for Fiscal Year 2023-24, to be funded by the General Fund.

**DATE:** August 9, 2023

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**I. RECOMMENDATIONS**

That the Board of Trustees make a motion to:

Approve a Contract with Baker Tilly for Accounting and Audit Support Services in an Amount Not to Exceed \$125,000.

That the Board of Trustees make a motion to:

Approve the Department of Finance Staffing Augmentation Plan in the amount of \$483,397.

That the Board of Trustees make a motion to:

Approve an Appropriations Increase in the Total Amount of \$608,397 to Support the Staffing Augmentation Plan and the Baker Tilly Contract for Fiscal Year 2023-24.

**II. DISTRICT STRATEGIC PLAN**

This action supports Long Range Principle #2, Finance; *“The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial polices for operating budgets, fund balances, capital improvement and debt management.”*

- *Comply with State and Federal regulations.*
- *Develop and maintain a long term plan to sustain financial resources.*

### **III. BACKGROUND**

#### Overview

The Department of Finance is tasked with a wide-ranging series of financial tasks, including revenue, accounts payable, purchasing, budgeting, accounting, auditing, financial reporting, cash management, investment management, and support to internal departments. As the department has transitioned from the previous director to an interim director, an informal review of the workload / staff ratio has been conducted. The informal review included interviews with interested members of the Board of Trustees, the Interim General Manager, Human Resources Director, members of the Audit Committee, department heads, and staff both inside the Finance Department and within other departments. During these discussions it became evident that additional staff and other resources would be needed in order to fully complete the duties demanded by interested stakeholders in a timely fashion.

#### Current State of the Year-End Close and Audit Process

The Finance Department has completed an assessment of the year-end closing process. In summary, the District does not have the staffing resources to undertake and complete the year end close. The Controller position has remained vacant since the previous incumbent left the organization approximately six months ago. While the position has been under recruitment since it became vacant, a candidate pool has not been established due to a lack of qualified and interested candidates applying for the position. The Controller is a key leadership position for the agency, and with the vacancy the Senior Accountant’s duties have shifted to include support of the Controller activities. The trickle-down effect throughout the department caused many ongoing daily, weekly, and monthly activities to be incomplete. One of the most graphic examples of this is that monthly bank reconciliations for most accounts have not been completed since June 2022.

The Audit process typically involves an ongoing series of events that happen throughout the year, such as timely closing of monthly books, bank reconciliations, and application of internal controls. In addition, upon completion of the end of the

fiscal year, the Finance department undertakes a series of tasks designed to prepare the agency for its interactions with the external, independent Auditor.

The department has evaluated the current state of the audit, and estimates that the year-end closing process is approximately six to eight weeks behind schedule, given available staffing. No work has been completed on capital asset tracking, nor many of the planning activities needed to begin the audit process. To date, the June 2023 books have not been closed, and the process for closing the entire fiscal year has not begun. In addition, IVGID does not currently have any permanent employees who have experience supporting a governmental audit.

#### *Contract with Baker Tilly for Accounting and Audit Support Services*

In order to address the immediate needs related to the Accounting year-end close and related Audit processes, staff reached out to a number of qualified firms and individuals who may have the requisite experience to assist the IVGID team. While no one individual currently has capacity to operate in the role of Interim Controller, Baker Tilly was able to provide a team of individuals that could each take pieces of the Audit work and complete the tasks in a timely fashion. Given the immediate needs of the department, the recommended action is to bypass the normal Purchasing Request for Proposal process and enter into a contract with Baker Tilly for immediate assistance. Work will be billed on an hourly basis, with a not-to-exceed amount of \$125,000.

#### *Finance Staffing Augmentation Plan*

In addition to current workload stressors such as the annual Audit, the Finance Department is actively evaluating the need to provide more timely and accurate financial reports. Some of these reports include monthly financial transparency reports that are provided to the Board of Trustees and then placed on the District's website. The department also has a lengthy list of special projects that it wishes to address to be in accordance with industry best practices, some of which include a review of the District's punch card system and related accounting practices, a review and update of internal controls standard operating procedures, redesign of the methodology for presentation of the budget, and design of new reports and methodologies for demonstrating the financial status of individual operating areas.

As previously mentioned, a candidate pool for the Controller position has not been established despite the advertising and recruitments of the Human Resources department. In conducting outreach to potential candidates, the feedback received is that the salary range is not currently commensurate with industry norms. The Finance Department, working in conjunction with Human Resources, began to research what other similar agencies in the area are compensating similar type of positions. As a result, part one of the recommended action of the Staffing

Augmentation Plan is to change the Controller salary grade from a Grade 33 to a Grade 36. The impact of this action would be to add approximately \$22,095 annually at the high-point of the salary grade. Staff believes that the salary adjustment, combined with an update to the job flyer indicating the ability to telecommute part time, will create a demand for the position among interested and qualified candidates.

Part two of the Staffing Augmentation Plan is to add an Assistant Finance Director position, recommended at salary Grade 40. The recommended new position would immediately assist the Finance Director with the overall management of the department's day to day activities and provide significant ongoing assistance with special projects that have already been identified by individual Board members, Audit Committee members, and the internal executive staff. The ongoing needs of a high-level position to assist the Director include providing capacity for executive review and oversight of financial reports prior to their release to the Board, the public, and the State of Nevada; assistance with creating accurate and more timely financial reports; directed activities and reporting back to the Board of Trustees and the Audit Committee; assistance with a new budget process and related reporting model which will make the annual budget easier to understand; and the development, oversight, and adherence to new internal calendars designed to ensure projects remain on track. The estimated fully burdened cost of this position is \$256,626.

Part three of the Staffing Augmentation Plan is to add an Internal Auditor, recommended at salary Grade 33. The Internal Auditor position would focus on daily, ongoing testing of financial transactions and financial reporting to ensure strict adherence to internal control mechanisms. This position would provide periodic reports to executive management on its findings, and make recommendations for process improvements. The estimated fully burdened cost of this position is \$182,376.

Part four of the Staffing Augmentation Plan is to change the salary grade of the Director of Finance position from Grade 42 to Grade 44. This recommended action will bring the salary up to industry norms as the District continues to look for a permanent Director of Finance. The impact of this action would be to add approximately \$22,300 annually at the high-point of the salary grade.

## **VI. FINANCIAL IMPACT AND BUDGET**

The recommended actions have a total effect to the General Fund of \$608,397 in fiscal year 2023-24. Of this amount, \$125,000 is one-time only funds.

Action	Appropriation
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Baker Tilly Contract	\$125,000
Staffing Augmentation	\$483,397
Total Appropriation Increase	\$608,397

**V. ALTERNATIVES**

The Board could choose to direct staff to work within existing resources; the risk to this strategy would be missing the deadline for filing the Audit with the State. Additional risk in not approving the staffing augmentation would be to continue on the current business activities with the understanding that many of the best practices identified would be delayed or not implemented in order to complete routine daily tasks.

July 31, 2023

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 Interim General Manager  
 Incline Village General Improvement District  
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 Incline Village, NV 89451

*Delivered electronically*

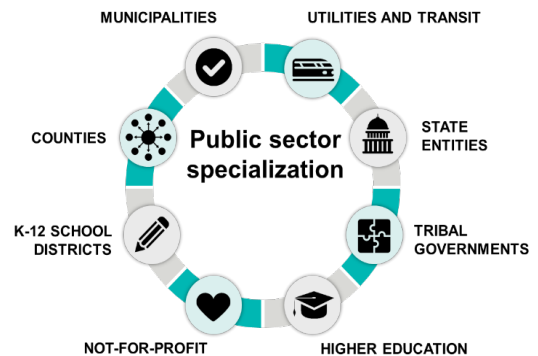
Dear Mr. Bandelin:

Thank you for the opportunity to submit a proposal to provide interim accounting assistance to the Incline Village General Improvement District (the District). Baker Tilly has the expertise and skills necessary to provide this assistance, and we would be pleased to do so. We have provided you with a team who can provide you with the support you need.

Before we describe our approach, we would like to tell you about Baker Tilly.

### Meeting your needs with our resources

Local government is a complex, unique environment shaped by fiscal, regulatory and operational considerations not found in other industries. Recognizing this complexity, we are eager to serve as a truly valued advisor to the public sector. Nationwide, our state and local government practice serves nearly 4,000 state and local governmental entities, including school districts, municipalities, counties, public utilities and transit organizations. We have a specific mission to help local government leaders improve their service to the public. We have worked with cities, counties, towns, and special districts of all sizes across the United States to help them work more effectively and run more efficiently.



### Celebrating our combination with Management Partners

Last year, Management Partners combined with Baker Tilly to create a premier public sector consulting practice. This combination adds a unique and significant layer of experience to Baker Tilly’s robust public sector practice. Our project team members are former local government leaders and managers from all operational facets. They have nearly three decades of field-tested techniques and proven methodologies.



### OUR COMBINED SERVICES INCLUDE:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Executive recruitment</li> <li>• Executive coaching</li> <li>• Executive performance assessment</li> <li>• Organization assessments</li> <li>• Organization development</li> </ul> | <ul style="list-style-type: none"> <li>• Performance management</li> <li>• Process improvement</li> <li>• Strategic and business planning</li> <li>• Planning and economic development</li> </ul> | <ul style="list-style-type: none"> <li>• Service sharing and service consolidation</li> <li>• Management services</li> <li>• Financial planning, budgeting and analysis</li> </ul> |
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## Understanding of the engagement

The District is currently short-staffed in the finance department due to several vacancies. It is expected to take several months or more to complete recruitment. During that period, there is a need for additional accounting assistance. Tasks assigned to our proposed team members include bank reconciliations, accounts payable, capital assets, long-term debt, audit worksheets, and other accounting functions as directed by the interim Finance Director.

The following individuals can support the Finance Department until the vacancies have been filled.

### Carol Jacobs – Managing Director



Carol will serve as engagement leader, overseeing the work of the practitioners assisting Incline Village. Carol has held a wide range of roles across local government and consulting, including multiple stints as a city manager, and served most recently as assistant city manager of the City of Newport Beach, California. Carol's consulting experience includes managing a financial solutions practice area that served local governments, with responsibility for managing client needs, preparing financial studies, and conducting management and organizational reviews.

### Chris Bigham, CPA – Special Advisor



Christopher A. Bigham, CPA, Special Advisor, has over 30 years of municipal experience specializing in budget development, financial reporting, decision making, process improvement and relationship building to effectively get the job done. Christopher takes a proactive and positive approach to decision making, impacting others around him to excel. He leads by example with a tone at the top style of management. Christopher served as the assistant city manager and budget director in a dual role responsible for an all-funds budget of \$1.4 billion. He has extensive experience in strategic planning, process improvement, and community engagement.

### Andrew Gill, CPA – Senior Manager



Andrew is a senior assurance manager with Baker Tilly's Arizona audit practice. He joined the firm in 2012 and specializes in evaluating internal controls and operations to help organizations strengthen their internal control structure. He ensures that clients have the right processes and controls in place to easily monitor operations, improve efficiency and ultimately, meet their goals. Andrew is a member of the American Institute of Certified Public Accountants (AICPA), the Arizona Society of Certified Public Accountants (ASCPA) and the Institute of Internal Auditors (IIA). He earned a bachelor's degree in accounting from Oklahoma Christian University.

### Noemi Barter, CPA – Manager



Noemi joined the firm in 2019 and is a member of Baker Tilly's Arizona assurance and audit practice. She specializes in audits, reviews, compilations, accounting and bookkeeping services for the government industry. She has more than 13 years of experience in government audits throughout several different industries. Noemi is a member of the American Institute of Certified Public Accountants (AICPA) and the Arizona Society of Certified Public Accountants (ASCPA). She earned a bachelor's degree from Ohio State University and a master's degree in accountancy from Golden Gate University.

Incline Village General Improvement District  
July 31, 2023

## Professional fee

Baker Tilly proposes a not to exceed fee of \$125,000. The following rates apply to the staff:

TEAM MEMBER	HOURLY RATE
Carol Jacobs	\$295
Chris Bigham	\$175
Andrew Gill	\$225
Noemi Barter	\$225

## Conclusion

The Incline Village, General Improvement District, is a valued client of Baker Tilly, and we look forward to assisting you with this important work. Thank you for the opportunity to make tangible contributions to your success. Our team is excited to work with you, and we look forward to discussing your questions and feedback. Please get in touch with me at (949) 809-5588 or [carol.jacobs@bakertilly.com](mailto:carol.jacobs@bakertilly.com) if you have any questions about our proposal.

Sincerely,



Carol Jacobs, Managing Director  
Baker Tilly US, LLP  
+1 (949) 809 5588 | [carol.jacobs@bakertilly.com](mailto:carol.jacobs@bakertilly.com)

Accepted for the Incline Village General Improvement District by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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# Finance

