



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2022

County of Douglas, Nevada

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners and Audit Committee
Douglas County, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Douglas, Nevada (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 28, 2022. Our report includes an emphasis of matter related to the County's adoption of the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-006 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sacramento, California
November 28, 2022



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Honorable Board of Commissioners and Audit Committee
County of Douglas, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Douglas, Nevada’s (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County’s major federal program for the year ended June 30, 2022. The County’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise County's basic financial statements. We issued our report thereon dated November 28, 2022, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter related to the County's adoption of the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Sacramento, California

March 13, 2023

County of Douglas, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Agriculture				
Direct Program				
Rural Business Development Grant	10.351	N/A	\$ 8,291	\$ -
Cooperative Fire Protection Agreement - US Forest Svc Lake Tahoe Basin Mgt	10.703	N/A	4,682	-
Cooperative Fire Protection Agreement - US Forest - Humboldt Toyabe Patrol	10.703	N/A	2,129	-
Subtotal Cooperative Fire Protection Agreement			6,811	-
Passed through State of Nevada Department of Agriculture				
Child Nutrition Cluster				
National School Lunch Program - FY20 NSLP China Spring School Meals	10.555	N/A	5,244	-
National School Lunch Program - Emergency Funds	10.555	R-305-11	3,398	-
National School Lunch Program - FY22 NSLP China Spring School Meals	10.555	NSLP 2016-36 NSLP 2016-37	32,554	-
Subtotal Child Nutrition Cluster			41,196	-
Passed through the South Tahoe Public Utility District				
Cooperative Forestry Assistance	10.664	17-DG-11052012-140	3,376	-
Total U.S. Department of Agriculture			59,674	-
U.S. Department of Interior				
Direct Programs				
Payment in Lieu of Taxes	15.226	N/A	747,993	-
Passed through State of Nevada Department of Wildlife				
Fish and Wildlife Cluster				
Sport Fish Restoration - Topaz Break Water	15.605	SG21-07	384,908	-
Total U.S. Department of Interior			1,132,901	-
U.S. Department of Justice				
Direct Programs				
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2017-WR-AX-0014	207,852	-
Public Safety Partnership and Community Policing Grants	16.710	15X0406	13,964	-
Passed through State of Nevada Office of Attorney General				
Violence Against Women Formula Grants	16.588	2020-WF-AX	6,286	-
Violence Against Women Formula Grants	16.588	2021-VAWA-14	24,699	-
Subtotal Violence Against Women Formula Grants			30,985	-
Direct Programs				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-03	20,380	-
Passed through Carson City, Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-JAG-04	16,945	-
Passed through State of Nevada Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-JAG-05	97,167	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-04	49,642	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			184,134	-
Total U.S. Department of Justice			436,935	-

County of Douglas, Nevada
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation				
Direct Programs				
Airport Improvement Program - 37 Taxilane Rehab	20.106	3-32-0013-037-2021	\$ 326,859	\$ -
Highway Planning and Construction Cluster				
Passed through Carson City, Nevada				
Highway Planning and Construction	20.205	NM696-16-804	153,370	-
Passed through Nevada Department of Transportation				
Highway Planning and Construction	20.205	PR056-15-063	66,640	-
Subtotal Highway Planning and Construction Program			<u>220,010</u>	<u>-</u>
Passed through Nevada Division of Public Safety, Emergency Management		2015-11		
Recreational Trails Program	20.219	2021-11	893,379	-
Subtotal Highway Planning and Construction Cluster			<u>1,113,389</u>	<u>-</u>
Passed through State of Nevada Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program - FTA Section 5311 DART-2021	20.509	P403-20-802	170,838	-
Formula Grants for Rural Areas and Tribal Transit Program - FTA Section 5311 DART	20.509	PR387-21-802	362,295	-
Subtotal Formula Grants for Rural Areas and Tribal Transit Program			<u>533,133</u>	<u>-</u>
Federal Transit Cluster				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	P-423-20-802	12,575	-
Highway Safety Cluster				
Passed through State of Nevada Department of Public Safety				
State and Community Highway Safety - Joining Forces Grant	20.600		19,355	-
State and Community Highway Safety - DC Campaign Against Speeding	20.600		2,648	-
Subtotal Highway Safety Cluster			<u>22,003</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,007,959</u>	<u>-</u>
U.S. Department of Treasury				
Passed through State of Nevada				
COVID-19 Coronavirus Relief Fund	21.019	N/A	495	-
Passed through Carson City, Nevada				
COVID-19 Coronavirus Relief Fund	21.019	9356920	34,082	-
Subtotal Coronavirus Relief Funds			<u>34,577</u>	<u>-</u>
Direct Programs				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		198,691	-
Total U.S. Department of Treasury			<u>233,268</u>	<u>-</u>
National Endowment for the Humanities				
Passed through Nevada State Library, Archives and Public Records				
Grants to States	45.310	LS-250224-OLS-21	18,746	-
Total National Endowment for the Humanities			<u>18,746</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed through State of Nevada Department of Environmental Protection				
Nonpoint Source Implementation Grants	66.460	DEPS 21-033	3,752	-
Drinking Water State Revolving Fund Cluster				
Passed through State of Nevada Department of Conservation and Water Resources				
Capitalization Grants for Drinking Water State Revolving Funds - Cave Rock Loan # DW2109	66.468	FS-99996021-0	171,379	-
Capitalization Grants for Drinking Water State Revolving Funds - Cave Rock Loan # DW2110	66.468	FS-99996019-0	116,000	-
Capitalization Grants for Drinking Water State Revolving Funds - Cave Rock Loan # DW2110	66.468	FS-99996021-0	3,981,787	-
Subtotal Drinking Water State Revolving Fund Cluster			<u>4,269,166</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>4,272,918</u>	<u>-</u>

County of Douglas, Nevada
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Health and Human Services				
Direct Program				
Aging Cluster				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	9304519M/ N/A	\$ 89,711	\$ -
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	04-000-04-24-21	86,825	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	04-000-02-LX-21	56,943	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	04-000-07-1H1-22	91,903	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	04-000-04-24-22	105,356	-
Subtotal Aging Cluster			<u>430,738</u>	<u>-</u>
Passed through Carson City, State of Nevada Department of Health and Human Services				
Family Planning Services - Title X	93.217	FHPA006449	47,378	-
Passed through State of Nevada Department of Health and Human Services				
Community Services Block Grant	93.569	1138	45,943	-
COVID 19 - Community Services Block Grant	93.569	9356920C	15,871	-
Community Services Block Grant	93.569	G-22-01NVCOSR	92,490	-
Community Services Block Grant	93.569	9356921 DO1271	1,943	-
Subtotal Community Services Block Grant			<u>156,247</u>	<u>-</u>
Passed through State of Nevada Department of Health and Human Services				
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	1080	13,077	-
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	N/A	7,698	-
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	N/A	37,410	-
Subtotal Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program			<u>58,185</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>692,548</u>	<u>-</u>
U.S. Social Security Administration				
Direct Programs				
Disability Insurance SSI Cluster				
Social Security - Disability Insurance (DI)	96.001	N/A	4,292	-
Total U.S. Security Administration			<u>4,292</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through State of Nevada Office of the Military Division of Emergency Management				
Emergency Management Performance Grants	97.042	EMF-2021-EP-00005-S01	61,002	
Emergency Management Performance Grants	97.042	EMF-2021-EP-00005-S01	17,184	-
Subtotal Emergency Management Performance Grants			<u>78,186</u>	<u>-</u>
BRIC: Building Resilient Infrastructure and Communities - State Route 88 Flood Mitigation Project	97.047	9704715-2506	2,250	-
Total U.S. Department of Homeland Security			<u>80,436</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 8,939,677</u>	<u>\$ -</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Douglas, Nevada (County) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior year.

Note 3 - Indirect Cost Rate

The County has not elected to use the 10-percent de minimis indirect cost rate.

Note 4 - Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program, or the County was unable to obtain an identifying number from the pass-through entity.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of Major Programs:

Name of Federal Program	Federal Financial Assistance Listing
Drinking Water State Revolving Fund Cluster	66.468
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2022-001 Review of Financial System User Roles
Type of Finding: Significant Deficiency**

Criteria:

Internal controls should be established to ensure that user roles in the County's financial system are reviewed on a regular basis.

Condition:

Evidence of Information Technology Service (ITS) Department's and Finance Department's review of user roles in the County's financial system was not documented or retained.

Context:

During our observation of the internal controls over the County's user role process, we identified that there are not formal policies or procedures for the review of user roles in the County's financial system, New World System (NWS), on a regular basis. ITS asserted that an informal review was being performed; however, the reviews are not required as there are not policies or procedures in place requiring the review. In addition, during our observation of the County's human resources and cash disbursement processes, we noted that the Finance Department and ITS Department personnel have the ability to create vendors and approve payments to vendors. We also identified that the Finance Department personnel has the ability to make changes to employees' pay rates without additional review or approval.

Repeat Finding from Prior Year(s):

Yes, prior year finding 2021-001.

Cause:

There are no policies or procedures in place requiring review of NWS user roles.

Effect:

There is an increased risk of inappropriate or erroneous entries made in the financial system due to inappropriate user roles and access rights.

Recommendation:

We recommend that management implement policies and procedures to document and retain evidence of the review of user roles in NWS and to ensure user roles are appropriately assigned.

Views of Responsible Officials and Corrective Action:

Management concurs. See County's Separate Corrective Action Plan.

2022-002

Capital Assets

Type of Finding: Significant Deficiency

Criteria:

Internal controls should be established to ensure the information reported in the capital assets rollforward reconciles to the County's general ledger system, and the rollforward should be reviewed and finalized prior to the annual financial statements audit.

Condition Found:

The County did not have a formal reconciliation process in place to ensure the information reported in the capital assets rollforward reconciles to County's general ledger system. In addition, the County did not have policies and procedures in place to ensure the preparation and review of the capital assets rollforward is performed timely.

Context:

Based on our audit procedures performed over our understanding of the County's capital assets process, we identified that the County did not have reconciliation processes to ensure the information reported in the capital assets rollforward reconciles to the County's general ledger system. Based on our audit procedures performed over the capital assets rollforward, we identified that multiple versions of the capital assets rollforward were provided by the County as the information reported in the capital assets rollforward did not reconcile to the general ledger details provided.

Repeat Finding from Prior Year(s):

Yes, prior year finding 2021-006.

Cause:

The County did not have a formally documented reconciliation process and that the capital assets rollforward was not formally reviewed and finalized prior to the financial statements audit.

Effect:

The lack of reconciliation and review processes over the preparation of the capital assets rollforward could lead to material misstatements in the financial statements.

Recommendation:

We recommend the County to implement policies and procedures over the reconciliation of capital assets rollforward and the review and approval of the capital assets rollforward.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs. See County's Separate Corrective Action Plan.

2022-003

Budget

Type of Finding: Significant Deficiency

Criteria:

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. A key component of internal controls is to ensure they address compliance with certain significant statutes. Pursuant to NRS 354.598005(2), a budget augmentation becomes effective upon delivery to the State of Nevada Department of Taxation of an executed copy of the resolution providing thereof.

Condition Found:

During our testing of the adopted budget, we noted the budget resolutions submitted to the State of Nevada Department of Taxation for the period January 1, 2022, through June 30, 2022 were submitted after the required due date.

Context:

Pursuant to NRS 354.598005(2), the County is required to submit budget augmentations approved by the governing board to the State of Nevada Department of Taxation prior to the end of the fiscal year.

Repeat Finding from Prior Year(s):

No.

Cause:

The County did not have adequate internal controls to ensure the appropriate budget documents were submitted to the State of Nevada Department of Taxation.

by the State of Nevada Department of Taxation. However, the County confirmed with the Department of Taxation that the County's budget schedules did not require to be revised.

Effect:

Since the final approved resolution were not received timely, the budget augmentation approved for the period January 1, 2022, through June 30, 2022 were not considered approved

Recommendation:

We recommend the County enhance internal controls to ensure the appropriate budget documents are submitted to the State of Nevada Department of Taxation in a timely manner.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs. See County's Separate Corrective Action Plan.

2022-004

Budget Monitoring

Type of Finding: Significant Deficiency

Criteria:

Internal controls should be established to ensure that budget adjustments are properly prepared and reviewed on a regular basis.

Condition Found:

Significant Deficiency – The County's financial system does not prevent a user from entering entries that exceed budget limitations and the County does not perform and document their budget monitoring.

Context:

During our observations, we identified that a County finance user can enter adjustment entries that exceed budget amounts. While appropriate segregation of duties does exist between preparer and approver of these entries, we noted that the County does not perform and document their review of budget to actual.

Repeat Finding from Prior Year(s):

Yes, prior year finding 2021-007.

Cause:

The County did not have policies or procedures in place to monitor budget to actual.

Effect:

There is an increased risk of error or fraud if budget monitoring is not documented and reviewed on a regular basis.

Recommendation:

We recommend the County to perform regular review over their budget to actual.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs. See County's Separate Corrective Action Plan.

2022-005 Town of Gardnerville – Revenue Generation Process
Type of Finding: Significant Deficiency

Criteria:

Internal controls should be established over the Town of Gardnerville's revenue generation process to mitigate the risks of financial statements misstatements and or fraud.

Condition Found:

Significant Deficiency – We identified deficiencies in the Town's internal controls involving segregation of duties in the cash receipt process and the lack of evidence of review over reconciliations performed.

Context:

- During our observation of the Town of Gardnerville's revenue generation process, we identified the following:
- Fees assessed for trash services can be altered by any of the Town's administration personnel.
- For in-person cash payments, there was no evidence of review over the manual check receipt book to ensure sequential order in carbon copies.
- For online payments, there was no evidence of review over the reconciliation between the Town's cash receipt system and the report from the Town's online service payment provider.
- For payments received in mail, there was no evidence of segregation of duties between the essential functions (i.e. Custody, Recording, Authorization & Reconciliation).
- There was no evidence of review over the daily or monthly reconciliations performed by Town personnel (i.e. Documentation of preparer and approver.)

Repeat Finding from Prior Year(s):

Yes, prior year finding 2021-008.

Cause:

The Town of Gardnerville did not have policies and procedures in place to ensure proper segregation of duties and to retain evidence of review of reconciliations performed.

Effect:

There is an increased risk of error or fraud if internal controls are not properly designed and implemented over the Town's revenue generation process.

Recommendation:

We recommend that management review its current policies and procedures to ensure proper segregation of duties over critical functions. In addition, documentation of document preparer and approver should be retained as evidence of performance.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs. See County's Separate Corrective Action Plan.

**2022-006 Town of Gardnerville – Accounts Payable Voucher Criteria
Type of Finding: Significant Deficiency**

Criteria:

Internal controls should be established to ensure that the preparation and approval of Accounts Payable (AP) vouchers are segregated and documented.

Condition Found:

Significant Deficiency – Evidence of segregation of duties between the preparer and approver of AP vouchers was not documented or retained.

Context:

During our observation of the internal controls over the County's cash disbursement process, we identified that the AP vouchers have signature lines for the preparer and approver; however, the preparer's signatures are typewritten rather than wet signatures, which can easily be edited or duplicated.

Repeat Finding from Prior Year(s):

Yes, prior year finding 2021-009.

Cause:

The AP voucher was not signed by both the preparer and the approver.

Effect:

There is an increased risk of error and fraud going undetected without the proper segregation of duties between the preparer and the approver.

Recommendation:

We recommend that management implement policies and procedures to ensure the preparation and approval processes of AP vouchers are segregated and documented.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs. See County's Separate Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

None noted

County of Douglas, Nevada
 Summary Schedule of Prior Audit Findings
 Year Ended June 30, 2022

Summarized below is the current status of all audit findings reported in the prior year audit’s schedule of audit findings and questioned costs.

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2021-001	Review of Financial System User Roles	N/A	N/A	Not Implemented - See current year Finding 2022-001
2021-002	Disaster Recovery and Server Room & Backup Locations	N/A	N/A	Implemented
2021-003	Vendor File Maintenance	N/A	N/A	Implemented
2021-004	General Computing Controls - Exception Logs	N/A	N/A	Implemented
2021-005	Payment Card Industry (PCI), Network Security	N/A	N/A	Implemented
2021-006	Capital Assets	N/A	N/A	Not Implemented -See current year Finding 2022-002
2021-007	Budget Monitoring	N/A	N/A	Not Implemented -See current year Finding 2022-004
2021-008	Town of Gardnerville – Revenue Generation Process	N/A	N/A	Not Implemented -See current year Finding 2022-005
2021-009	Town of Gardnerville – Accounts Payable Voucher	N/A	N/A	Not Implemented -See current year Finding 2022-006
2021-010	Coronavirus Relief Fund	21.019	Allowable Costs/Cost Principles	Implemented