



## **BOARD OF COMMISSIONERS**

Patrick Cates, County Manager  
1594 Esmeralda Avenue, Minden, Nevada 89423  
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## **COMISSIONERS:**

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## **COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan

For the Fiscal Year Ended June 30, 2019

Compiled by: Terri Willoughby, Chief Financial Officer

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**I. FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001**

**REVIEW OF FINANCIAL SYSTEM USER ROLES**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

We agree with the recommendation to develop policies and procedures to document user roles and NWS and to ensure user roles are appropriately assigned. Finance Department staff will work with Technology Services to develop processes. Including a quarterly review of user roles to ensure user roles are appropriately assigned.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** June 30, 2020

**Finding 2019-002**

**DISASTER RECOVERY AND SERVER ROOM & BACKUP LOCATIONS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

We agree with the recommendation. Technology Services has received a proposal from Tyler Technologies to provide hosting in the cloud for NWS and this will include disaster recovery services.

Technology Services has been working this past year to address the current needs in our primary data center and network. Our ability to ensure stability in our current data infrastructure must be addressed prior to locating a redundant or backup location. Upgrades were made to both the data storage environment and the data backup hardware in 2019. The current data center location is a concern if flooding was our major vulnerability.

Addressing Cybersecurity measures is our primary focus as these are the greatest vulnerabilities facing the County. A draft Incident response plan to address cybersecurity events has been developed and overall processes are being refined. Disaster Recovery should include the County's Continuity of Business plan. This would include available buildings and facilities to allow County operations in the event of fire or flooding in current structures.

Research to standup a redundant data center site in a commercial campus was proposed in FY18/19 but cost exceeded available funding. No date has been determined for resolution.

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** June 30, 2021

**Finding 2019-003**

**VENDOR FILE MAINTENANCE**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the recommendation and has submitted a plan to separate vendor creation from the Accounts Payable security template. Currently, the vendor creation process has been segregated to those staff members outside the payment creation process and alerts have been created within NWS for each vendor creation incident that are sent to the Chief Financial Officer.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** June 30, 2020

**Finding 2019-004**

**OUTDATED PROCUREMENT POLICIES**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the recommendation. A draft Purchasing Policy has been written and is currently being reviewed by the County's internal auditors for their input. It is expected to be presented to the Board of County Commissioners for their approval by end of Fiscal Year 2019-20 and an annual review process will be established as part of the policy adoption.

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** June 30, 2020

**Finding 2019-005**

**ACCOUNTS PAYABLE VOUCHERS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been resolved. Accounts Payable staff members have been trained on the need for segregation of duties and are now rejecting vouchers without proper documentation of appropriate preparation and approval of vouchers.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** September 30, 2019

**Finding 2019-006**

**PROCUREMENT CARD APPLICATION**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been resolved. The primary issue was with procurement cards issued to County elected officials who did not have evidence of approval. Finance staff have added additional processes for procurement card applications from elected officials, which includes presentation to the County's Internal Review Committee for review and approval.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** November 30, 2019

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-007**

**DEBT COVENANTS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the recommendation. A review of the County's debt covenants will be added to the Finance Department's annual year-end close checklist and procedures.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2020

**Finding 2019-008**

**COUNTY TREASURER - WIRE TRANSFERS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the recommendation. In June 2019, the Treasurer's office worked with the bank to change the structure to not allow changes to wire transfer templates or allow wire transfers without a second approval.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2019

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-009**

**COUNTY TREASURER - CASH COLLECTION PROCESS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been corrected. These items have been corrected. Treasurer staff have been reminded of the importance of this evidence and management is reviewing receipts for compliance. Beginning on January 9, 2020 if the department comes to the Treasurer's counter and no one from the department has signed or initialed the Treasurer Transaction Report (TR), Treasurer Staff members will ask them to sign the TR at our counter.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** January 9, 2020

**Finding 2019-010**

**AIRPORT – CASH RECEIPT PROCESS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding and Finance staff will be working with Airport staff to develop a process for reconciling the Airport's daily cash and billing report with the actual bank deposits.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2020

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-011**

**AIRPORT - RECONCILIATION OF REVENUES**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding. Finance staff will be developing procedures to incorporate a review of the contract Office Manager's reconciliation as part of the monthly close process.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2020

**Finding 2019-012**

**TOWN OF MINDEN - WATER METER READS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been addressed by the Town of Minden with their planned response below:

To address the significant deficiency regarding the review and approval of all meter read transfers from Sensus to Caselle, the Town has adopted the following procedures:

1. The transfer of data from Sensus to Caselle is initiated by the Office Specialist.
2. After the transfer from Sensus to Caselle is complete, the Meter Consumption Report is generated.
3. The Meter Consumption Report is reviewed by the Administrative Services Manager or the Town Accountant for accuracy. If there are meter reads that appear to be unreasonable, the Administrative Services Manager will investigate further and make customer contact if needed.
4. After all unexpected variances are resolved, the Administrative Services Manager or Town Accountant signs off on the report – documenting approval and review.
5. After the Meter Consumption Report is reviewed and approved, the Secretary runs the Billing Register from Caselle and reviews for accuracy. If any customer bills appear to be unreasonable the Secretary will review the customers meter history in Caselle and consult the Administrative Services Manager or Town Accountant to resolve any issues.
6. The Billing Register is then reviewed one final time by either the Administrative Services Manager or Town Accountant who will sign off on the report – documenting approval and review.

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** December 31, 2019

**Finding 2019-013**

**TOWN OF MINDEN – RATE CHANGES**

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been addressed by the Town of Minden with their planned response below:

Although any rate change must be approved by board resolution, the Town acknowledges that it is possible to make a rate change in Caselle at any time as well as for a CVIC customer to be billed outside of the current rental rate schedule. The Town believes that having implemented the procedures below will mitigate the risk of rate changes going undetected.

To address the significant deficiency regarding the review and approval of changes made to services fee rates (water, trash bin and CVIC Center rental rate), the Town has adopted the following procedures:

Water and Trash Rates:

1. The permissions in Caselle are set so that only the Administrative Services Manager and Town Accountant have the ability to change rates.
2. As part of the month end procedures for Caselle, the Secretary runs a Rate Report out of Caselle and compares the current rates to the prior month’s rates to ensure that no changes have been made.
3. The Secretary then signs off on this report – documenting approval and review.

CVIC Center Rental Rate:

1. The Secretary will initiate the invoice for any CVIC Center rentals.
2. Before the Secretary sends the invoice to the customer, another member of the office (Office Specialist, Administrative Services Manager, Town Accountant) will sign off on the invoice after comparing the invoiced service to the current rental rate schedule.
3. This office member will then sign off on the invoice – documenting approval and review.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** December 31, 2019

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-014**

**COMMUNITY DEVELOPMENT DEPARTMENT (BUILDING DIVISION) - RATE CHANGES**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been addressed by Community Development staff. The ability to make changes to service fee rates has been restricted within the Accela program. Community Development staff will be developing a system report in Accela for management review that will document any changes to rates.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** January 9, 2020

**Finding 2019-015**

**COMMUNITY DEVELOPMENT DEPARTMENT (BUILDING DIVISION) - RECONCILIATION OF DAILY PAYMENTS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been addressed by Community Development staff. A process has been added for review and approval of the reconciliation and is documented on the reconciliation form.

**Name of Responsible Person:** Terri Willoughby, CFO  
**Name of Department Contact:** Terri Willoughby, CFO  
**Projected Implementation Date:** January 9, 2020

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-016**

**COUNTY ASSESSOR – PROPERTY TAX SYSTEM**

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding and these criteria will be included in the future with the implementation of the new database software system.

<b>Name of Responsible Person:</b>	Terri Willoughby, CFO
<b>Name of Department Contact:</b>	Terri Willoughby, CFO
<b>Projected Implementation Date:</b>	Interim-June 30, 2020 with new system in place by July 31, 2021

**Finding 2019-017**

**FINANCIAL REPORTING**

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding and has taken steps to implement a monthly, quarterly and annual closing of the financial system beginning with Fiscal Year 2019-20. Finance staff will also be working with County departments to transition record keeping done manually or in other “shadow” systems to either be transitioned to NWS or that interfaces be built between NWS and such systems. One of the first projects of the County’s internal auditors is to develop a comprehensive Accounts Receivable policy that will review billing done by outside departments and ensure that this information is contained within the NWS module.

<b>Name of Responsible Person:</b>	Terri Willoughby, CFO
<b>Name of Department Contact:</b>	Terri Willoughby, CFO
<b>Projected Implementation Date:</b>	June 30, 2020 and June 30, 2021

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-018**

**GENERAL COMPUTING CONTROLS – EXCEPTION LOGS (REPEAT FINDING 2018-010)**

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding. Technology Services is developing training for new IT staff to manage security information and event management (SIEM) tools. With the recent resignation of our Network Security Administrator, 11/21/2019, we are addressing the vulnerabilities with job tasks and job descriptions allocated to one team member and creating a vacuum when that position becomes vacant. This resource is critical for threat analysis and gaining comprehensive visibility across our IT Infrastructure.

Technology Services is researching automation and managed services to facilitate these processes. Additional funding would be required but resolution should be completed by January 2021.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** January 31, 2021

**Finding 2019-019**

**GENERAL COMPUTING CONTROLS – PAYMENT CARD INDUSTRY (PCI), NETWORK SECURITY (REPEAT FINDING 2018-011)**

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Management agrees with the finding. In order to develop a comprehensive action plan, the 2015 PCI assessment needs to be updated to include current data. As a step towards developing an action plan, the County has requested a proposal from the County’s internal auditors, Moss Adams, to conduct an updated assessment utilizing their internal expertise in PCI compliance.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** September 30, 2020

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**Finding 2019-020**

**CAPITAL ASSETS**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

County Finance staff will be reviewing the existing capital asset policy and procedures and revising the process to document project completion, including but not limited to requiring submission of notices of completion from departments. In addition, Finance staff will require appropriate documentation for both additions and deletions of capital assets, which will include third party verification for both additions and deletions of assets.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2020

**Finding 2019-021**

**AUDITED ALLOCATION SCHEDULE OF PENSION AMOUNTS FOR THE JRS PENSION PLAN**

**Management's or Department's Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

Finance staff will add an item to the County's Year End Checklist to contact JRS and obtain the audited allocation schedule of pension amounts.

**Name of Responsible Person:** Terri Willoughby, CFO

**Name of Department Contact:** Terri Willoughby, CFO

**Projected Implementation Date:** June 30, 2020

**COUNTY OF DOUGLAS, NEVADA**

Corrective Action Plan  
Year ended June 30, 2019

**II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding 2019-022**

**Program:** Airport Improvement Program  
**CFDA No.:** 20.106  
**Federal Agency:** Department of Transportation  
**Passed-through:** N/A  
**Award Year:** 2019  
**Compliance Requirement:** Special Tests and Provisions – Revenue Diversion

**Management’s or Department’s Response:**

We concur.

**Views of Responsible Officials and Corrective Action:**

This item has been corrected. All transaction are now being reviewed by the Airport Manager, who is outside the cash receipting process. Additionally, County staff will now be reviewing transactions.

<b>Name of Responsible Person:</b>	Terri Willoughby, CFO
<b>Name of Department Contact:</b>	Terri Willoughby, CFO
<b>Projected Implementation Date:</b>	June 30, 2020