

STAFF REPORT

Date: August 28, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Acceptance of the second, final audit follow-up regarding the 2023-01E Payroll Performance Audit issued August 23, 2023.

From: Emily E. Kidd, Internal Auditor

Department: City Manager's Office – Internal Audit

Summary:

Purpose of Audit – The City of Reno engaged vendor BerryDunn to perform an independent performance audit of its payroll processes to help ensure compliance with laws and regulations as well as to report on the adequacy of the Payroll Division's processes. Twelve findings resulted from the audit; a finding is noted when the auditors identify an area of noncompliance with documented policies or processes outside of best practices. Simply put, findings identify areas of risk.

On May 22, 2024, the first follow-up was reported at the Reno City Council meeting and four of the findings had been resolved. The eight outstanding audit findings relate to technology upgrades and training programs, generally.

This second follow-up to the audit includes new, management responses with their current responsive measures which are highlighted in yellow in the attached document. After this second audit follow-up, all findings have been resolved and no additional follow-up is scheduled.

Alignment with Strategic Plan:

Governance and Organizational Effectiveness

Previous Council Action:

May 22, 2024 – First follow-up to the 2023-01E Payroll Performance Audit provided to Council.

August 23, 2023 - 2023-01E Payroll Performance Audit Report provided to Council.

Background:

The International Standards for the Professional Practice of Internal Auditing Standards requires a follow-up of formal audit recommendations to “monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.” (Standard #2500.A1)

The Financial Advisory Board (FAB) functions as the City’s Audit Committee to provide expertise and a review of audit reports. The FAB was provided the 2023-01E Payroll Performance Audit – Part A follow-up document for their August 8, 2024, meeting for discussion, review, and approval.

The audit and audit follow-up procedures included reasonable care and professional skepticism required by industry standards. The resultative findings are based on the sufficient, reasonable, and appropriate evidence obtained during follow-up.

Quarterly Payroll Spot Checks

During the development of management responses, the Internal Audit Division agreed to assist the Central Payroll in the “spot checks” recommended by the external audit report and has been conducting them quarterly beginning with quarter four, calendar year 2023. The results of this work were communicated to the City of Reno executive management team. As Audit continues these spot checks and reporting, staff will provide the reporting summaries to the FAB for oversight.

Financial Implications:

There are no financial implications associated with this item.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council accept the audit follow-up reporting document.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

2023-01E Payroll Performance Audit – Part A – SECOND Follow-up