

The following information was provided to the Audit Committee by the public.

DATE: JUNE 21, 2020

TO: DOUGLAS COUNTY AUDIT COMMITTEE, VIA TERRI WILLOUGHBY

RE: DEVELOPMENT REVIEW AND PERMITTING PROCESS EFFICIENCY STUDY

I have been a resident of Douglas County for six years, and have been a land use planner for over 30 years. Because I care about our community and I care about the planning profession, I read the Development Review and Permitting Process Efficiency Study.

The County staff is to be complimented for pursuing this report, and taking time to understand its processes and identify opportunities for improvement. Overall, the report provides informative observations and positive corrections. Having said that, I encourage you to request modifications to the report before recommending its approval.

There are three areas where I suggest modifications.

1. Growth Management characterized as a complex political environment

Growth management is a standard element of public planning programs in this country. The County's growth management program limits the number of housing starts per year. This is not unique, or even complex. If the county were to reach the maximum number of units, it would need to wait until the next calendar year to issue the building permits for new housing starts. Because the County has rolled over the allocations from year to year, I don't believe it has ever been in a position to deny a housing start.

Acknowledgement that the county has a growth management plan is appropriate and factually correct. To equate this program, which is not uncommon and exists in the Tahoe Basin and in Carson City, to a "relatively complex political environment" is a mischaracterization.

2. Discouraging public participation?

The ethical principles in planning state, in part, that the planning process participants should "*Strive to give citizens (including those who lack formal organization or influence) full, clear and accurate information on planning issues and the opportunity to have a meaningful role in the development of plans and programs.*"

A comment to the effect that residents and property owners in Douglas County are engaged in the discretionary development review process is factually correct. As a result of this engagement, staff must be certain that information it puts forward is factually correct and defensible as it will come under scrutiny.

As presented on Page 11 of the packet, it seems that public participation, in the case of speaking against an aspect of a project, is problematic (although other parts of the report recognize the place of public participation).

I suggest that before you recommend this report to the Board, the language on page 11 of the packet be modified to acknowledge that the residents and property owners of Douglas County participate in discretionary planning reviews, and remove all language that implies such participation is problematic, discouraged, and not considered a valuable part of the discretionary review process.

3. Employee Retention

Page 20 of the packet indicates that employee retention issues are due to relatively lower pay and a lack of affordable housing. The report does not acknowledge that the employee retention issues are due to an organizational culture.

I am aware of the circumstances that caused a number of employees to leave Douglas County. In not one single case was the issue pay or the lack of affordable housing.

Regardless of employee salaries and affordability of housing, if the foundational organizational culture is not addressed, employee retention will continue to be problematic.

Before this report is recommended to the Board, I suggest the author gain a better understanding of the employee retention issue and expand on the discussion.

Again, I commend the County for pursuing this report as I am a big believer in seeking continuous improvement. However, I do encourage the three items I have identified to be modified before the Audit Committee recommends approval of this report to the Board.

Thank you for your consideration.

Hope Sullivan



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MEMORANDUM

To: Patrick Cates, County Manager
From: Terri Willoughby, CFO
Date: June 24, 2020
Re: Special Grand Jury Final Report 2019/20

Please note my responses to areas of concern with the Grand Jury report:

Fiscal Areas of Concern

(Page 8):

“Other policies and procedures have yet to be drafted. (E.g. A/R & Billing, Cash Handling, Inventory).”

Response: The Moss Adams’ internal audit program for Fiscal Year 2019-20 included three components: cash handling review; permitting efficiency study and a review of County policies to determine development and update needs. The cash handling review is expected to culminate in the development of a countywide cash handling policy. There were two primary components to the policy review work, a review and update of the County’s purchasing policy and the development of a Countywide accounts receivable and billing policy. A comprehensive review of the County’s inventory practices and the development of a countywide inventory policy is expected to be included in the proposed internal audit work plan for Fiscal Year 2020-21.

Page 9:

*“Only Fleet Services have been inventoried following the embezzlement: **“no inventories have been completed and no plans for future inventories have been noted:**”*

Response: As noted above, I am working with Moss Adams to initiate a countywide review of inventory policies and practices in Fiscal Year 2020-21.

“A recommendation of the 2017/2018 Grand Jury was to “reinstate internal audits”. Progress appears to be slow. There are numerous steps to undertake while doing one’s day-to-day job. Moss Adams LLP will conduct two or three “audit programs” annually. The three current audit programs are writing policies, cash handling and improving the permitting process. Timelines for actual audits

are vague or non-existent. *When pressed, CFO Willoughby admitted that no department had been subjected to an actual internal audit.* “

Response: To clarify, internal audits are not targeting specific departments, but are designed to review and improve financial practices or performances across the County with the goal of improving internal controls and creating efficiencies. Therefore, internal audit work, as directed by Moss Adams’ has focused on functional programs, such as cash handling which touch a broad cross section of all County departments.

Recommendations:

Page 18:

Reinstate internal audits: Internal auditor establish a timeline prioritizing, calendaring and completing at least three internal audits per year for Internal Audit Committee and eventual BOCC approval. Those departments selected for internal audit should be given minimal notice.

Response: Moss Adams is under contract to perform three internal audit programs per fiscal year. As noted above, these are functional internal audit programs, not departmental.

Outstanding Receivables: Put a system in place to know the status of outstanding receivables in all departments, review them, and report to the BOCC annually, stipulating as to which outstanding receivables are noncollectable.

Response: Finance staff have begun the work to identify outstanding receivables, and are working with Moss Adams on developing a Countywide Accounts Receivable/Billing policy. This is expected to be included in the Fiscal Year 2020-21 internal audit program.

Page 19:

Inventory: Prioritize reviewing and updating the policy and procedures for inventory controls. The current fiscal program the county uses is capable of keeping track of inventory and should be utilized by ALL departments. There should be a dollar limit on what, by policy, is to be inventoried annually.

Response: Agreed. This will be accomplished through the internal audit inventory work as well as the transition of departments from shadow systems to the County’s financial system.