

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM A
FOR MEETING OF August 14, 2018**

SUBJECT:

Conformance to Open Meeting Law.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

Announcement of actions taken to conform to the Open Meeting Law will be reported at the meeting.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM B
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM C
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

For Possible Action: Consideration of and possible action to select a Chair and Vice Chair of the Financial and Audit Subcommittee.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Selection of Chair and Vice Chair of the Subcommittee.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

As the Financial and Audit Subcommittee is newly constituted by the full commission and this meeting is the first meeting of the Subcommittee, it is appropriate that a Chair and Vice Chair be selected and approved by the members prior to any further action.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM D
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

For Possible Action: Consideration of and possible action to approve a Scope of Work for a contract for services of an Independent Contractor to review specific items of the FY2017 Financial Audit of the Commission.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends the subcommittee review the proposed scope of work and approve or revise as necessary.

FISCAL IMPACT:

Fiscal impact will vary depending on scope of work and contractor.

STAFF COMMENTS AND BACKGROUND:

The Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR) for the Colorado River Commission of Nevada (Commission) was completed March 8, 2018. The Commission presented the final CAFR and Finding 2017-A to the Commission at its May 2018 meeting. Recognizing this is the first time in at least 30 years that the Commission has received a finding, the Commission members expressed concern on the relative significance of the finding and concern regarding its implication and what actions the Commission should be taking to assure such findings do not happen in the future.

Staff proposes that an independent contractor be found to review the available information related to the 2017 audit and provide the Commission with a written report and a presentation at a Financial and Audit Subcommittee and at a full Commission meeting of the findings and conclusion of the review.

Substantive Information Available for Review:

The Fiscal 2017 CAFR, Required Communications Letter, Finding 2017-A and Management response as well as any other public records related to the FY2017 CAFR and Finding 2017-A that is readily available from the Commission.

Staff Proposed Scope of Work and Deliverables:

1. Provide a complete narrative related to the disagreement with management mentioned in the Communications Letter.
2. Provide a complete narrative detailing the audit adjustments made for the fiscal year ended June 30, 2017 as outlined in footnote 14 of the CAFR.
3. Indicate the nature of the internal control weakness reported and provide clear narrative describing the weakness and the underlying cause.

Continued on next page...

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM D (CONTINUED)
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

For Possible Action: Consideration of and possible action to approve a Scope of Work for a contract for services of an Independent Contractor to review specific items of the FY2017 Financial Audit of the Commission.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends the subcommittee review the proposed scope of work and approve or revise as necessary.

FISCAL IMPACT:

Fiscal impact will vary depending on scope of work and contractor.

STAFF COMMENTS AND BACKGROUND (CONTINUED):

4. Indicate the implications of the weakness if not adequately addressed.
5. Indicate if the weakness is indicative of fraud, waste, or abuse.
6. Review all amortization schedules related to the audit adjustments and provide information on the methodology used and any other methodologies considered or available and provide narrative on the implications of the various alternatives available.
7. Provide recommendations for improvement of the Commission's audit process recognizing the time constraints of the Controller's Office deadline, availability of data after closing of funds, and Government Finance Officers Association deadline.
8. Present highlights of the draft report to the Financial and Audit Subcommittee and a final report to the Commission.
9. Provide the report with information and conclusion within 90 days following the award of the contract.

Direction:

Once the scope of work and deliverables have been determined, Staff will seek proposals from qualified contractors, develop a contract within the Purchasing guidelines and present the contract for approval at the next full Commission meeting. In the event of proposals returning with excessive costs or with other material issues, Staff will provide information on the issues and seek guidance from the subcommittee before proceeding with a contract.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM E
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

For Possible Action: Consideration of and possible action to approve a list of potential contractors for services of an Independent Contractor to review specific items of the FY2017 Financial Audit of the Commission.

RELATED TO AGENDA ITEM:

Agenda Item D.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends review and approval of the proposed contractors.

FISCAL IMPACT:

Fiscal impact will vary depending upon the contractor.

STAFF COMMENTS AND BACKGROUND

Staff reached out to the Nevada Society of CPA's and requested information on potential contractors to provide a review of the 2017 audit of the Colorado River Commission of Nevada (Commission) books and records. The Society staff directed us to a listing maintained on the Society's website of contractors that have demonstrated expertise in governmental audit and accounting.

Staff developed a list of contractors from that listing and sent it to both the Commission's current audit firm and the prior auditing firm requesting review and comment on the potential contractors and specifically any reluctance to have a specific firm conduct the work. Both audit firm reviewed the listing and indicated that they would be satisfied with any of the proposed contractors.

The list provided (in no particular order):

1. RubinBrown LLP
2. Grant Thornton LLP
3. Bradshaw Smith & Company
4. Houldsworth, Russo & Company
5. Casey, Neilon & Associates, LLC
6. PricewaterhouseCoopers (PwC)
7. Hinton Burdick CPAs & Advisors

Staff would like the Financial and Audit Subcommittee (Subcommittee) members to review this list and provide any comment on any of the firms. Specifically, it would be helpful if the Subcommittee members have had any past dealings with the firms or any knowledge of their ability to provide the Commission with the desired review.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM F
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

For Information Only: Update on Entrance Conference with Eide Bailly, LLP regarding the FY2018 audit.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

On June 27, 2018, Vice Chairwoman Kelley and Staff met with the Colorado River Commission of Nevada's current audit firm to begin the audit of the books and records for the fiscal year ended June 30, 2018. A brief outline of the meeting will be provided.



June 29, 2018

To the Governing Body of the
Colorado River Commission of Nevada
Las Vegas, Nevada

This letter is provided in connection with our engagement to audit the financial statements of Colorado River Commission of Nevada as of and for the year ended June 30, 2018. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit.

Our Responsibilities

As stated in our engagement letter dated April 24, 2018, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and, in accordance with *Government Auditing Standards*, for the purpose of forming and expressing opinions about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the introductory and statistical sections, is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether the information is fairly stated in all material respects in relation to the financial statements as a whole, when applicable.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures. Our audit is not designed to express an opinion or provide assurance on internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.

What inspires you, inspires us. Let's talk. | eidebailly.com

We expect to begin our audit in October 2018 and issue our report no later than November 30, 2018.

This information is intended solely for the information and use of the governing body of the Colorado River Commission of Nevada and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Eide Bailly LLP

Las Vegas, Nevada

STATE OF NEVADA

BRIAN SANDOVAL, *Governor*
PUOY K. PREMSRIRUT, *Chairwoman*
KARA J. KELLEY, *Vice Chairwoman*
JAYNE HARKINS, P.E., *Executive Director*



MARILYN KIRKPATRICK, *Commissioner*
JOHN F. MARZ, *Commissioner*
STEVE SISOLAK, *Commissioner*
DAN H. STEWART, *Commissioner*
CODY T. WINTERTON, *Commissioner*

**COLORADO RIVER COMMISSION
OF NEVADA**

July 5, 2018

Chris D. Whetman CPA
Audit Senior Manager
Eide Bailly LLP
9139 W. Russell Rd., Ste.
200 Las Vegas, NV 89113

RE: Eide Bailly communications letter dated June 29, 2018

Dear Mr. Whetman:

We are in receipt of the Eide Bailly communications letter dated June 29, 2018 addressed to the Governing Body of the Colorado River Commission of Nevada (CRCNV). Please note that there is additional clarification needed before we can distribute the letter to the Governing Body members. As discussed in the CRCNV entrance conference on June 27, 2018, the CRCNV must meet the State Controller's deadlines related to the annual financial report. To date, the CRCNV has not yet received the Controller's letter delineating the due date for FY2018 final report submission. Note that the date provided by the Controller's letter represents the date by which final numbers must be provided; draft financial statements subject to change will not satisfy the required reporting.

Per paragraph 3.9 of the Request for Proposal for Professional Services, which Eide Bailly responded to prior to contracting with the CRCNV, the timeline for the Annual Audit should be as follows:

3.9 TIMELINE

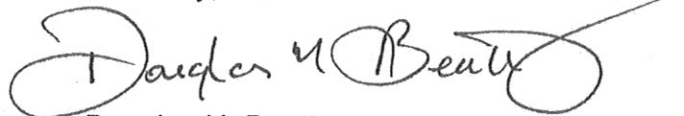
3.9.1 The Nevada Controller's Office closes the State books at the end of August. The Commission normally has a final trial balance by mid-September.

3.9.1.1 Each of the following should be completed by the auditor no later than the dates indicated:

- A. Interim work - completed by September 30.
- B. Fieldwork - completed by October 15.
- C. Reports - have drafts of the audit report including footnote disclosure but not including narrative or required supplementary information (as required by the Nevada Controller) by the first of November. Final report ready for submission to the GFOA certificate program must be before December 31.

In order to assure the Governing Body of the CRCNV that the audit will be timely completed, the letter needs to be modified. As soon as we are in receipt of the Controller's deadline letter, we will forward you a copy so that the appropriate dates can be inserted.

Sincerely,

A handwritten signature in black ink that reads "Douglas N. Beatty". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke extending to the right.

Douglas N. Beatty
Division Chief, Finance and Administration

DNB/alg

RON KNECHT,
MS, JD, PE (CA)
State Controller

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller



**OFFICE OF THE
STATE CONTROLLER**

July 23, 2018

COLORADO RIVER
COMMISSION

JUL 27 2018

RECEIVED

Ms. Jayne Harkins, Executive Director
Colorado River Commission
555 East Washington Avenue, Suite 3100
Las Vegas, NV 89101

Dear Ms. Harkins:

This letter is to remind you that audited financial statements for the Colorado River Commission (CRC) will be included in the 2018 Comprehensive Annual Financial Report (CAFR) for the State of Nevada. Our auditors will be relying upon your auditor's report for these funds, and we will be incorporating the audited financial statements into our CAFR.

To meet our deadline for the 2018 CAFR, we will need to receive a copy of your basic financial statements, including note disclosures, by November 2, 2018. We will then need to receive a copy of your final audited statements, with the signed Independent Auditor's Report, by November 23, 2018.

The FY 2017 CRC audited statements were not received until March 2018, more than four months past the State's due date. It is imperative that the FY 2018 CRC statements are timely, and are received in our office by the due dates requested above. Please ensure your staff and auditors are aware we will not accept late audited statements for FY 2018.

If you have any questions concerning this request, please contact Brenda Laird, CAFR Accountant II/Financial Reporting, at 684-5621, or blaird@controller.state.nv.us. Thank you for your assistance and cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Ronald L. Knecht".

Ron Knecht, MS, JD & PE(CA)
Nevada Controller

cc: Douglas Beatty, Division Chief
Brenda Laird, CAFR Accountant II
Siri Schwarz, CAFR Accountant I
Chris D. Whetman – Eide Bailly LLP

State Capitol
101 N. Carson Street, Suite 5
Carson City, Nevada 89701-4786
(775) 684-5750
Fax (775) 684-5696

www.controller.nv.gov

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 4300
Las Vegas, Nevada 89101-1071
(702) 486-3895
Fax (702) 486-3896

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM G
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISAL IMPACT:

None.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM H
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

Comments and questions from the Commission members.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM I
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

Selection of next possible meeting date.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

The next scheduled meeting to be determined.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM J
FOR MEETING OF AUGUST 14, 2018**

SUBJECT:

Adjournment.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND: