

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM A
FOR MEETING OF DECEMBER 11, 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 DECEMBER 11, 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 DECEMBER 11, 2018

SUBJECT:

For Possible Action: Approval of minutes of the August 14, 2018 meeting.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends the Commission approve the minutes of the August 14, 2018 meeting.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

The minutes of the August 14, 2018 meeting is enclosed for your review.

The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee (Subcommittee) meeting was held at 1:30 p.m. on Tuesday, August 14, 2018 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 3100, Las Vegas, Nevada.

SUBCOMMITTEE COMMISSIONERS IN ATTENDANCE

Commission Vice Chairwoman
Commissioner
Commissioner

Kara J. Kelley
Marilyn Kirkpatrick
Dan H. Stewart

DEPUTY ATTORNEY(S) GENERAL

Special Counsel, Attorney General
Special Counsel, Attorney General

Jennifer Crandell
Christine Guerci

COMMISSION STAFF IN ATTENDANCE

Executive Director
Deputy Executive Director
Chief of Finance and Administration
Senior Energy Accountant
Senior Energy Accountant
Senior Energy Accountant
Assistant Director of Energy Information Systems
Office Manager
Administrative Assistant IV
Administrative Assistant IV

Jayne Harkins, P.E.
Eric Witkoski
Douglas N. Beatty
Gail L. Benton
Richard M. Sanders
Stephanie A. Salleroli
Kaleb Hall
Gina L. Goodman
Kathryn Aguilar
Kira Bakke

OTHERS PRESENT; REPRESENTING

City of Boulder City
Overton Power District No. 5
Overton Power District No. 5
Self
Southern Nevada Water Authority

Shannon Reiman
MeLisa Garcia
Randall Ozaki
Sara Price
Jordan Bunker

**COLORADO RIVER COMMISSION
OF NEVADA
FINANCIAL AND AUDIT SUBCOMMITTEE
MEETING OF AUGUST 14, 2018**

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The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee (Subcommittee) meeting was called to order by Commission Vice Chairwoman Kelley at 1:34 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins, P.E. confirmed that the meeting was posted in compliance with the Open Meeting Law.

B. 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 will be taken.)

Commission Vice Chairwoman Kelley asked if there were any comments from the public. There were none.

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

As the 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.

Commission Vice Chairwoman Kelley was selected as Chair of the Financial and Audit Subcommittee. Commissioner Kirkpatrick was selected as Subcommittee Vice Chair.

Commission Vice Chairwoman Kelley moved for approval of the selection of a Chair and Vice Chair of the Financial and Audit Subcommittee. The motion was seconded by Commissioner Kirkpatrick and approved by a unanimous vote.

D. *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.

Chief of Finance and Administration, Douglas Beatty explained that 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 proposed 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.
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.

Subcommittee Vice Chairwoman Kirkpatrick asked for item #6, the 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 to be expanded and the scope broadened. In addition, item #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 to be clarified.

Subcommittee Vice Chairwoman Kirkpatrick further added her concerns for the abilities of the contractors to be able to seek further information from similar Agencies across the country and the importance of the timeframes and deadlines.

Subcommittee Commissioner Stewart asked about the frequency of audit reviews.

Mr. Beatty replied that there had not been an audit review done before.

Subcommittee Vice Chairwoman Kirkpatrick moved for approval. The motion was seconded by Subcommittee Commissioner Stewart and approved by a unanimous vote.

E. *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.

Chief of Finance and Administration, Douglas Beatty presented that 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 firms 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 asked the 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.

Subcommittee Chairwoman Kelley wanted to know about the next steps in the process.

Mr. Beatty answered that the next step would be to send out requests for proposals to all seven agencies. Once the responses have been received, a review of expertise and past performance will be done. Cost is a factor in determining the next steps and timeline.

Subcommittee Vice Chairwoman Kirkpatrick recommended that all work should be completed by January 2019.

Subcommittee Commissioner Stewart inquired about the start of fiscal year 2018-2019 and the Controller's office deadline.

Mr. Beatty informed that the start of the fiscal year begins in October. Controller's office has a deadline of December or the end of the calendar year.

Ms. Harkins explained the deadlines for the Controller's office.

Subcommittee Commissioner Stewart reiterated his concern with the FY2017 audit review and its impact on FY2018's audit.

Mr. Beatty answered that it is unlikely it will have an impact.

Subcommittee Vice Chairwoman Kirkpatrick remarked that the process should be completed prior to the legislative session.

Subcommittee Chairwoman Kelley clarified the next steps and qualifications that would be sought out.

Mr. Beatty confirmed that qualifications would be reviewed.

Subcommittee Commissioner Stewart moved for approval a list of potential contractors for services of an Independent Contractor to review specific items of the FY2017 Financial Audit of the Commission. The motion was seconded by Subcommittee Vice Chairwoman Kirkpatrick and approved by a unanimous vote.

F. <i>For Information Only:</i> Update on Entrance Conference with Eide Bailly, LLP regarding the FY2018 audit.
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Chief of Finance and Administration, Douglas Beatty explained that on June 27, 2018, Commission 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.

Subcommittee Chairwoman Kelley inquired if the auditors would be starting in September.

Mr. Beatty answered that the schedule provided was dated October 3, 2018.

Subcommittee Chairwoman Kelley referred to the letter dated July 5, 2018, regarding the time frame and whether or not an acknowledgment had been received.

Mr. Beatty confirmed that there had been a response received on July 9, 2018.

Subcommittee Chairwoman Kelley reiterated the importance of meeting the deadline regardless of any reason.

Mr. Beatty confirmed.

G. 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.)

Subcommittee Chairwoman Kelley asked if there were any comments or questions from the public. There were none.

H. Comments and questions from the Commission members.

Subcommittee Chairwoman Kelley asked if there were any other comments or questions from the commission members. There were none.

I. Selection of next possible meeting date.

The next meeting is tentatively scheduled for Tuesday, October 9, 2018, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

J. Adjournment.

There being no further business to come before the Subcommittee, the meeting was adjourned at 2:04 pm.

Jayne Harkins, P.E., Executive Director

APPROVED:

Kara J. Kelley, Subcommittee Chairwoman

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM D
FOR MEETING OF DECEMBER 11, 2018**

SUBJECT:

For Possible Action: Approval of minutes of the October 9, 2018 meeting.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends the Commission approve the minutes of the October 9, 2018 meeting.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

The minutes of the October 9, 2018 meeting is enclosed for your review.

The Colorado River Commission of Nevada Financial and Audit Subcommittee meeting was held at 12:30 p.m. on Tuesday, October 9, 2018 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 3100, Las Vegas, Nevada.

SUBCOMMITTEE COMMISSIONERS IN ATTENDANCE

Subcommittee Chairwoman
Subcommittee Commissioner

Kara J. Kelley
Dan H. Stewart

SUBCOMMITTEE COMMISSIONER IN ATTENDANCE BY PHONE

Subcommittee Vice Chairwoman

Marilyn Kirkpatrick

DEPUTY ATTORNEY GENERAL

Special Counsel, Attorney General

Jennifer Crandell

COMMISSION STAFF IN ATTENDANCE

Deputy Executive Director
Chief of Finance and Administration
Senior Energy Accountant
Systems Coordinator
Administrative Assistant IV
Administrative Assistant IV

Eric Witkoski
Douglas N. Beatty
Gail L. Benton
Chris Smith
Kathryn Aguilar
Kira Bakke

OTHERS PRESENT; REPRESENTING

Southern Nevada Water Authority

Jordan Bunker

**COLORADO RIVER COMMISSION
OF NEVADA
FINANCIAL AND AUDIT SUBCOMMITTEE
MEETING OF OCTOBER 9, 2018**

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J.	Adjournment	4

The Colorado River Commission of Nevada Financial and Audit Subcommittee (Subcommittee) meeting was called to order by Subcommittee Chairwoman Kelley at 12:38 p.m.

A. Conformance to Open Meeting Law.

Deputy Executive Director Eric Witkoski confirmed that the meeting was posted in compliance with the Open Meeting Law.

B. 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 will be taken.)

Subcommittee Chairwoman Kelley asked if there were any comments from the public. There were none.

C. *For Possible Action:* Approval of minutes of the August 14, 2018 meeting.

Subcommittee Commissioner Stewart moved for approval of the minutes. The motion was seconded by Subcommittee Chairwoman Kelley. Subcommittee Chairwoman Kelley commented that the request on page 2 of the minutes should be articulated more clearly. Both motions were withdrawn, and the item was tabled for the next Subcommittee meeting.

D. *For Information Only:* Update on the Request for Proposal for a contract for services of an Independent Contractor to review specific items of the FY2017 Financial Audit of the Commission.

Chief of Finance and Administration, Douglas Beatty gave an update on the Requests for Proposals for services of an independent contractor to review specific items of the FY2017 Financial Audit sent to the seven approved auditing firms at the August 14, 2018 Subcommittee meeting. The deadline for submittals is October 12, 2018. No questions from the seven auditing firms have been received.

Mr. Beatty called representatives of all the firms; six out of seven declined the proposal. One firm is considering submitting a proposal, but the firm does not believe it has the expertise for the project, even with help from a third-party firm. Subcommittee Commissioner Stewart asked about contingency plans in the event no proposals were received.

Mr. Beatty said Staff might widen the scope of the offer, reaching out to auditing firms located in other states.

Subcommittee Chairwoman Kelley asked about the potential timeline for the remaining firm's acceptance.

Mr. Beatty is not sure; it depends on whether the firm can establish a third-party partnership. The best estimate is two weeks.

Subcommittee Commissioner Stewart asked if there were any external deadlines to consider or if the deadlines in question were internal.

Mr. Beatty answered that the deadlines were strictly internal.

Subcommittee Chairwoman Kelley asked what the timeframe was between the request for proposal and the internal deadline.

Mr. Beatty answered that the timeframe was four weeks.

Subcommittee Chairwoman Kelley expressed a desire to agendize the conversation about the request for proposal issue to readdress consideration of moving forward.

E. <i>For Information Only: Update on the activities of the Audit for FY2018.</i>
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Mr. Beatty provided an update on the activities of the FY2018 Audit. The Audit has been proceeding as scheduled since October 1, 2018 with only routine questions received. Mr. Beatty has spoken with Chris Whetman, manager of the audit who explained that the audit was 75% complete, with no issues raised at that point in time. Eide Bailly LLP is expected to complete field work by October 15, 2018.

Subcommittee Chairwoman Kelley asked when both bodies (the Commission and the Subcommittee) would see the final opinion.

Mr. Beatty stated that the results would be revealed as soon as a meeting could be scheduled, but that the final opinion would not be available by the November 13, 2018 meeting.

Subcommittee Chairwoman Kelley expressed a desire for the Subcommittee to review the audit before it is presented to the state.

Mr. Beatty agreed that that would be possible.

Subcommittee Chairwoman Kelley was happy to hear that deadlines are being met and wants to be made aware if any future ones are not.

Mr. Witkoski asked if Staff should bring any issues to the Subcommittee first.

Subcommittee Chairwoman Kelley agreed and suggested that a telephone call would suffice.

F. For Information Only: Notification of receipt of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the Commission's annual financial report for the fiscal year ended June 30, 2017.

Mr. Beatty explained that each year, the Commission submits its annual financial report to the Government Finance Officers Association (GFOA) for review and evaluation as part of the GFOA's achievement program. The report is subjected to a review by two Special Review Committee members. Both committee members must recommend award of the certificate. The review consists of evaluation in a number of categories including:

1. Reporting in conformity with General Accepted Accounting Principles.
2. Demonstration of compliance with finance-related legal and contractual provisions.
3. Completeness and clarity of a letter of transmittal and introductory section.
4. Inclusion of a complete and clear statistical section.
5. Use of standardized terminology and formatting conventions.
6. Disclosure thoroughness and detail sufficiency.
7. Minimization of ambiguities and potentials for misleading inference.
8. Cohesiveness and internal consistency.
9. Implementation of prior year comments and suggestions for improvement.
10. Readability.

Staff was very pleased to inform the Subcommittee that the Commission's annual financial report received the certificate for fiscal year 2017.

In the words of GFOA, "The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management." The Commission has received the award for its financial report every year since 1977.

Subcommittee Chairwoman Kelley congratulated Staff on receiving the award.

G. 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.)

Subcommittee Chairwoman Kelley asked if there were any comments or questions from the public.

There were none.

H. Comments and questions from the Commission members.

Subcommittee Chairwoman Kelley asked if there were any other comments or questions from the Subcommittee members.

Subcommittee Chairwoman Kelley reminded Staff and the auditors of the importance in meeting all deadlines

There were no further comments or questions.

I. Selection of next possible meeting date.
--

The next Subcommittee meeting date and time is to be determined.

J. Adjournment.

There being no further business to come before the Subcommittee, the meeting was adjourned at 1:10 pm.

Eric Witkoski., Deputy Executive Director

APPROVED:

Kara J. Kelley, Subcommittee Chairwoman

COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM E
FOR MEETING OF DECEMBER 11, 2018

SUBJECT:

For Information Only: Discussion and Review of the draft Audit for FY2018 including but not limited to, update of audit related activities, potential issues with the timely completion of the audit and discussion of any audit findings.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

Staff will provide an update at the meeting.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM F
FOR MEETING OF DECEMBER 11, 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 G
FOR MEETING OF DECEMBER 11, 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 H
FOR MEETING OF DECEMBER 11, 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:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM I
FOR MEETING OF DECEMBER 11, 2018**

SUBJECT:

Adjournment.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND: