

**COLORADO RIVER COMMISSION OF NEVADA  
AGENDA ITEM A  
FOR MEETING OF OCTOBER 9, 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 OCTOBER 9, 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 OCTOBER 9, 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 Financial and Audit 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.

**COMMISSIONERS IN ATTENDANCE**

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

Shannon Reiman  
MeLisa Garcia  
Randall Ozaki  
Sara Price

**OTHERS PRESENT; REPRESENTING (CONTINUED)**

Southern Nevada Water Authority

Jordan Bunker

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF AUGUST 14, 2018**

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The Colorado River Commission of Nevada meeting was called to order by 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.)**

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 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.

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

**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 Vice Chairwoman 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.

Vice Chairwoman Kirkpatrick asked for item #6 to be expanded and the scope broadened. In addition, item #7 to be clarified.

Commissioner Stewart asked about the frequency of audit reviews.

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

**Vice Chairwoman Kirkpatrick moved for approval. The motion was seconded by 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 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 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.

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.

Vice Chairwoman Kirkpatrick recommended a deadline of January 2019.

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 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.

Commissioner Stewart reiterated his concern with the previous review impacting the new audit.



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

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

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

Mr. Beatty confirmed that qualifications would be reviewed.

**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 Vice Chairwoman Kirkpatrick and approved by a unanimous vote.**

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

Chief of Finance and Administration, Douglas Beatty explained that 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.

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

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

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.

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.)****

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

There were none.

**H. Comments and questions from the Commission members.**

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.

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Jayne Harkins, P.E., Executive Director

APPROVED:

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Kara J. Kelley, Chairwoman

**COLORADO RIVER COMMISSION OF NEVADA  
AGENDA ITEM D  
FOR MEETING OF OCTOBER 9, 2018**

**SUBJECT:**

*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.

**RELATED TO AGENDA ITEM:**

None.

**RECOMMENDATION OR RECOMMENDED MOTION:**

None.

**FISAL IMPACT:**

None.

**STAFF COMMENTS AND BACKGROUND:**

Staff will provide an update at the meeting.

**COLORADO RIVER COMMISSION OF NEVADA  
AGENDA ITEM E  
FOR MEETING OF OCTOBER 9, 2018**

**SUBJECT:**

*For Information Only:* Update on the activities of the Audit for FY2018

**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 OCTOBER 9, 2018**

**SUBJECT:**

*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.

**RELATED TO AGENDA ITEM:**

None.

**RECOMMENDATION OR RECOMMENDED MOTION:**

None.

**FISAL IMPACT:**

None.

**STAFF COMMENTS AND BACKGROUND:**

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.

We are very pleased to inform you that the Commission's annual financial report again received the certificate.

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.

**COLORADO RIVER COMMISSION OF NEVADA  
AGENDA ITEM G  
FOR MEETING OF OCTOBER 9, 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 H  
FOR MEETING OF OCTOBER 9, 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 OCTOBER 9, 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 OCTOBER 9, 2018**

**SUBJECT:**

Adjournment.

**RELATED TO AGENDA ITEM:**

None.

**RECOMMENDATION OR RECOMMENDED MOTION:**

None.

**FISCAL IMPACT:**

None.

**STAFF COMMENTS AND BACKGROUND:**