

**Carson City Audit Committee
Agenda Report**

Date Submitted: November 21, 2011

Agenda Date Requested: November 29, 2011

To: Audit Committee

From: Michael Bertrand, Chairman

Subject Title: Invite candidates Lorraine Bagwell, Piercy Bowler Taylor and Kern and Moss-Adams LLP for the internal audit position to give a brief three minute statement and to answer questions of the Audit Committee. Competing candidates shall be excluded from the public meeting until they have completed their question and answer period.

Summary: Carson City received sealed Statement of Qualifications (S.O.Q.) to perform the City's Audit function on November 18, 2011 at 11:00 a.m. The S.O.Q. was e-mailed to Certified Public Accountants that performed Municipal Audits, published in the Nevada Appeal and posted on Carson City's website on October 28, 2011. The S.O.Q.'s were opened at approximately 11:10 a.m. on November 18, at 201 North Carson Street, Carson City, Nevada 89701, and sent for review by the Audit Committee. Final selection will be made by Carson City Board of Supervisors and is tentatively set for Thursday, December 15, 2011.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify) No action

Does This Action Require A Business Impact Statement: Yes No

Recommended Committee Action: N/A

Explanation for Recommended Committee Action: N/A

Applicable Statute, Code, Policy, Rule or Regulation: Carson City Charter Sec. 3.075.

Fiscal Impact: Up to \$110,000.00 for FY 2011-2012.

Explanation of Impact: Up to \$110,000.00 for FY 2011-2012.

Funding Source: Internal Audit Budget

Alternatives: None

Supporting Material: Applications

Prepared By: Janet Busse, Office Supervisor

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

**Kim Belt
Carson Finance Department - Purchasing and Contracts
201 N. Carson Street, Suite 3
Carson City NV 89701**

**RE: ADVERTISED SOQ 1112-133
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

Dear Ms. Belt,

I have reviewed the request for a Statement of Qualifications for the City of Carson City Internal Audit Function. I am submitting my response in accordance with the announcement.

I have been to numerous Board of Supervisors meetings and listened to the citizens points of view, the different Supervisors and Mayor and city staff. I have met with the Mayor, Supervisors and City Staff presenting my views on various items of city activities.

I have worked in the governmental arena from the inside as an employee and from the outside as a lobbyist and business owner. I have the ability to review programs from a neutral viewpoint and evaluate them based on the return they provide towards good governance. I have the unique quality to present appraisals without alienating those attached to the program or function being evaluated.

I am qualified for this position as I have worked with taxes, auditing of governmental agencies and private firms, budgeting, and managing a \$350 million governmental agency. I spent over 20 years in reviewing internal controls, developing performance indicators and budgeting. I have audited programs for effectiveness and efficiency and based upon the results, prepared budgets. I have made recommendations for budgets to the Governor based upon program review results.

I possess a bachelor's degree in Business Administration with a minor in Accounting.

I am interested in this contract because I believe it is unique. The City has an external Auditor Kafoury Armstrong that has the responsibility to review internal controls. I do not believe that you need to hire another firm to perform this activity as I believe that would be a duplication of effort and the city does not need to pay for the activity twice. This contract should be focused on accomplishments for dollars expended. This is a completely different focus and why this contract intrigues me. I know as a taxpayer, I do not mind paying a little more if I know all the alternatives were reviewed and that my money is being used wisely. I was so proud of the Board of Supervisors when they made the decision to offer this contract.

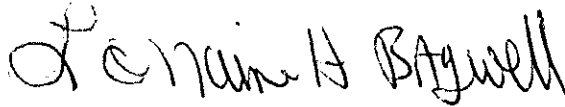
During a recent Board of Supervisors meeting, a request was approved to hire an additional employee to meet the demands for data entry for orders of protection. This would have been a perfect opportunity for the internal auditor to review work flows within

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

the office to validate the request.

I look forward to a discussion about your needs and whether I am the right candidate to meet those needs.

Thank you for your consideration.

A handwritten signature in black ink that reads "Lorraine H. Bagwell". The signature is written in a cursive style with a large initial "L".

Lorraine H. Bagwell
3662 Jarrard Court
Carson City, Nevada 89701

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

Experience relevant to the type of work requested by Carson City

The Statement of Qualifications lists several activities to be performed by the internal auditor. Below is a listing of my experience in relation to those activities.

- Investigate each office and department of Carson City to determine compliance with the accounting procedures manual - *As the Chief of Fiscal Services and Deputy Director of Support Services for the Department of Corrections, I was responsible for the annual review of our internal controls and compliance with accounting procedures. I performed this function for eight years. I also performed this function for the Division of Child of Family Services.*
- Recommend changes in account procedures which improve efficiency of internal controls - *Each position over the last 20 years has required me to write and or update policies and procedures. While working for DMV & PS, I wrote the procedures for bad debt collection and write off and bankruptcy filings. Additionally, I wrote the audit procedure for the newly implemented tax for International Fuel Tax Administration (IFTA) and International Registration Program (IRP) and the manual for the implementation of Fuel Tax Point of Taxation change. While working for the Department of Administration, I reviewed the internal control reports for assigned agencies and made recommendations for changes or approval of reports. Additionally, I worked with the Integrated Financial Systems staff to write, test and implement procedures for the new accounting system on behalf of the Budget Division. While working for the Department of Corrections, I updated and reviewed internal controls annually. I revamped the accounting and budgeting units to improve internal controls and efficiency.*
- Conduct special investigations at the direction of the Audit Committee and Board into any financial matter of any office or department or Carson City - *I am prepared to perform investigations requested by the Audit Committee and the Board. While working for the Nevada Association of Counties, staff responsible for the creation of the budget left employment at critical times. I interviewed staff, reviewed documentation, and analyzed requests to create a budget document for Commission approval and submittal to the Department of Taxation. While working at the Department of Motor Vehicles and Public Safety, I received a special assignment for six months to implement a point of taxation change. While working for the Department of Administration, I was responsible for training all state employees in the use of a newly created computerized budgeting program.*
- Perform other duties as directed by the Audit Committee and the Board - *I want to provide a valuable service to the City and the Committee. I look forward to performing duties as required to meet this challenge.*

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

- Performance audits to evaluate the efficiency and effectiveness of departments and/or programs, functions, operations, management systems and procedures to determine whether an agency/department is achieving the objectives established by the governing body of the City and managing its resources in an effective, economical and efficient manner. *I have been performing this type of task for years and believe Carson City has developed some tools to guide in this process. The strategic plan and the scorecard reports provided by Linda Ritter may lead me to areas to review for efficiency and/or ways to help department heads achieve established performance and budgetary measures. I look forward to assisting the city in determining how best to use the limited resources available. Performance audits are also a tool to assist management and the Board of Supervisors to make budget decisions. The citizens want to know that their tax dollars are being put to good use.*
- Reporting - *I will provide monthly status reports to the Audit Committee regarding the progress of audits being performed. In addition, I will at the request of the Board of Supervisors provide progressive reports for presentation at Board meetings.*
- Consultant must be able to devote an average of 25 hours per week over the contract period. *I am able to devote an average of 25 hours per week to this project as requested.*
- Knowledge, Skills and Abilities - *I believe I possess all of the characteristics listed in the Statement of Qualifications. My various positions working for many governmental agencies and the Nevada Association of Counties, have provided valuable experience that I believe can benefit Carson City. I have specifically written and evaluated legislation, analyzed problems, identified alternative solutions, testified before numerous committees and boards and developed cooperative working relationships.*

I have worked on projects to meet GASB Concept 5 performance measurements systems and believe this tool will aid Carson City in making sound budgetary decisions in the future. A governmental performance and measurement system should include the eight processes of Strategic planning, program or activity planning, determination of key performance indicators, performance based budgeting, managing work processes, evaluating performance, internal reporting and finally the external reporting which is the focus of GASB concept #5.

The four essential components of a SEA report is to include 1) purpose and scope 2) Major goals and objectives, 3) Key measures and 4) a discussion and analysis. I hope to help Carson City utilize this methodology and become a model for other governmental entities.

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

3662 Jarrard Ct, Carson City NV 89701•775-883-9323•loribagwell@charter.net

Lorraine Bagwell

Experience

Dec 2008 - Present Charley's Grilled Subs Carson City, NV

Owner

- Hiring and Firing
- Training
- Accounting and Taxes

Oct 2007 - Jun 2009 Nevada Department of Corrections Carson City, NV

Deputy Director Support Services

- Formulate, Develop and Implement a \$350 million annual budget
- Manage Purchasing, Budgeting, Information Services, Radio and Vehicle Maintenance and Food Services
- Prepared and presented oral and written testimony before Legislative Committees, Audit Committees and other Boards and Commissions

Apr 2001 - Oct 2007 Nevada Department of Corrections Carson City, NV

Chief of Fiscal Services (ASO IV)

- Business Manager with responsibility for budgeting, accounting and fiscal management
- Testimony before Legislative Committees
- Developed Expenditures by analyzing historical fiscal data and trends and assessing program needs.

Jul 98 - Apr 01 Department of Administration, Budget Division Carson City, NV

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

Jan 91 - Jan 96 Nevada Highway Patrol Association Carson City, NV

Executive Director

- Accounting
- Development of Legislative Package and Presentation of Legislation

Jun 84 - May 90 Nevada Association of Counties Carson City, NV

Budget Director/Taxation Specialist

- Accounting
- Preparation of Bill Draft Requests
- Legislative Testimony

Education

1992 Liberty University Lynchburg, VA

BS in Business Administration

- Minor in Accounting (Western Nevada Community College and UNR)

References

References are available on request.

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

References

References listed are professionals I worked with during my employment.

Don Hataway (Deputy Director, State Budget Office)
510 Bulette Dr
Carson City NV 89701
775-882-5455

Robert Hadfield (Executive Director, NACO)
P.O. Box 424
Minden, NV 89423
775-782-5871

Greg Cox (Deputy Director Corrections and currently Director)
5500 Snyder Ave,
P.O. Box 7011
Carson City, Nevada, 89701
Telephone (775) 887-3285

**STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
LORRAINE BAGWELL**

List of current rates and charges to perform the 12-month engagement and meet the objectives.

I will provide a Liability Insurance Policy and Worker's Compensation certification as requested in the Statement of Qualifications if awarded a contract.

I can work at least 25 hours per week as requested. I will bill at an hourly rate of \$120. This rate will cover all costs associated with the performance of the proposed contract. No supplies, equipment or travel will be billed. Invoicing to occur by the 5th of each month for the prior month. Payment due by the 15th of each month.

Estimated manpower and expense matrix for the scope of work

It is difficult to estimate the amount of time needed for the requested work as the audits have not been identified by the city or committee in advance. I am aware of the budget and agree not to exceed the budget. I will work with the audit committee to determine the best plan to provide useful data and recommendations. I am estimating it will take approximately three weeks to develop a matrix to present to the Audit Committee to help guide me in selecting the first audit to be performed.

General description of approach to providing the internal audit function

The first approach is to catalog all city activities, by funding source and statutory requirement versus optional services and if the activity has established performance indicators and the last time the activity was audited/reviewed. Next, I will interview management for their ideas of areas that would benefit from an audit. I found often times management is aware of areas that could benefit from an audit, but have not had sufficient staff or time to perform the review. I will also review the strategic plan and results from the last few scorecard reports from Linda Ritter. I will then prepare a report to be reviewed with the Audit Committee to select the first series of audits. I estimate this process will take three weeks. It is my belief that all money expended by a governmental entity should have a reason and validation of its purpose. The city will be facing very difficult decisions during the next budget cycle and I would like to provide the Board and Audit Committee with recommendations based on effectiveness and efficiency of each activity. The data should help the Board, Department Managers and the Audit Committee make decisions that will benefit the citizens of Carson City. The city will have to trim expenses or raise taxes during the next budget and data can provide a solid benchmark for those decisions. I have had to prepare budget plans with 5-10% reductions in expenditures in the past. Without data, it would have been impossible to make good decisions. I believe I possess the unique qualifications and insights to provide the Board, Audit Committee, Managers and Carson City Taxpayers with information to help make the tough choices we will be facing in Carson City.

TECHNICAL EXCELLENCE. SUPERIOR SERVICE.

STATEMENT OF QUALIFICATIONS
TO PROVIDE
THE INTERNAL AUDIT FUNCTION,
PEFORMANCE AUDITS,
AND
OTHER REQUESTED CONSULTING SERVICES

FOR THE
AUDIT COMMITTEE
OF
THE CITY OF CARSON CITY, NEVADA

SUBMITTED BY:

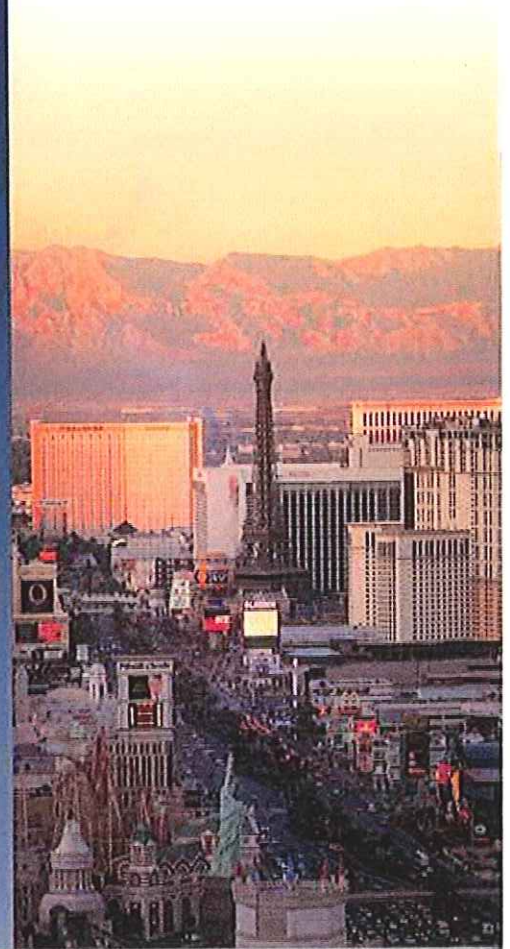
PIERCY BOWLER TAYLOR & KERN
6100 ELTON AVENUE
SUITE 1000
LAS VEGAS, NEVADA 89107
Telephone (702) 384-1120
Fax (702) 870-2474

CONTACT PERSON:

RICHARD H. BOWLER
EMAIL: rbowler@pbtk.com

DUE 3:00 PM, November 18, 2011

P B T K
**PIERCY BOWLER
TAYLOR & KERN**
Certified Public Accountants
Business Advisors



PIERCY BOWLER TAYLOR & KERN

**STATEMENT OF QUALIFICATIONS TO PROVIDE
THE INTERNAL AUDIT FUNCTION, PERFORMANCE AUDITS, AND REQUESTED
RELATED CONSULTING SERVICES**

**FOR THE
AUDIT COMMITTEE OF THE CITY OF CARSON CITY, NEVADA**

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

November 18, 2011

Ken Belt, Purchasing and Contracts Manager
City of Carson City, Nevada
201 North Carson Street, Suite 3
Carson City, Nevada 89701

Dear Mr. Belt:

We welcome this opportunity to propose that our firm, Piercy Bowler Taylor & Kern (the Firm or PBTk), be retained to perform the internal audit function, including any required performance audits, and other consulting services as required or otherwise requested by the Audit Committee of the City of Carson City, Nevada (the City).

PBTk, which is headquartered in Las Vegas, Nevada with a satellite office in Salt Lake City, Utah, is recognized as a premier provider of accounting and business consulting services in Nevada, serving both local governments and not-for-profit entities. We believe that PBTk has distinguished itself as the "wise choice of several alternatives" for the City (and other government and not-for-profit entities) primarily for the following reasons.

Technical excellence, superior service. PBTk's commitment to quality client service is summed up in the following quotation, which is included in our "Statement of Firm Philosophy":

"Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of several alternatives . . ."

PBTk is the largest locally-owned accounting firm in southern Nevada, the third largest office of any Las Vegas firm, and one of the largest in Nevada. As the successor to the local practice of a national firm with a long and solid history, we currently employ 61 people, including over 31 CPAs, nine audit principals (some with over 40 years of experience with government and not-for-profit entities), nine managers and 13 audit associates. Accordingly, we possess the necessary "critical mass" to assure the quality and timeliness of our client service, combined with the knowledge and experience obtained from decades of working in an international firm environment, all of which is offered to our clients at local practitioner billing rates.

We believe our experience with and knowledge of financial and accounting issues of, and our service commitment to, the government and not-for-profit sector of American society, particularly those indigenous to the state of Nevada, is substantially greater than our competitors.

Ken Belt, Purchasing and Contracts Manager

City of Carson City, Nevada

November 18, 2011

We fully understand that accounting and business consulting services performed for entities that receive public and government assistance differ in material respects from traditional financial statement audits performed for "for-profit" business enterprises. The most significant differences are in the accountant's objectives and responsibilities. They are manifested primarily in the increased awareness of the importance of the client's internal control and the degree of its compliance with certain statutory, regulatory and contractual requirements imposed by its funding sources and others functioning on their behalf. We know that to meet these increased responsibilities, we must have a clear understanding of the complex special standards and requirements and be able to properly apply that understanding.

Responsiveness. Our philosophy is to put more knowledge and experience on each engagement than our competitors, unlike most national firms that plan to push tasks to the lowest staff level or smaller firms that have not made adequate investment in resources. In other words, our business strategy is to be better than our competitors, and our quality assurance processes are designed to achieve that result. As opposed to the "pyramid" personnel structure of the large national firms, ours looks more like a cylinder. Instead of having a large number of inexperienced staff per partner, we have a similar number of personnel in three categories, principals (our highest technical designation) and managers, mid-managers (referred to as "senior associates") and less experienced staff (referred to as "associates").

As a result, we believe that, compared to our competition, our principals and managers are more directly involved with our clients on a continuing basis, and accordingly, we believe we are more responsive than our competition. Our engagement principals take great pride in being available to our clients and providing superior and timely service. Experience has taught us that our clients are most effectively served if our most experienced engagement management personnel are actively involved.

Value. Our philosophy is to give our clients good value for their fee dollar. This means meeting or exceeding client's reasonable expectations and deadlines with a minimum of disruption, keeping fees as low as possible, and delivering a quality product that can withstand close scrutiny and meet all applicable professional standards, as well as the needs of expected users and the interests of the public at large. We undertake only those engagements we can reasonably expect to complete with appropriate professional competence.

Please note that the undersigned, Richard H. Bowler, is authorized to bind Piercy Bowler Taylor & Kern to the content of this proposal and any contractual agreement to be executed by the City upon the selection of Piercy Bowler Taylor & Kern. This proposal is a firm and irrevocable offer for ninety days.

We appreciate this opportunity to express our interest and to submit our proposal. If we can provide additional information, please contact us.

Enclosed is our statement of qualifications, organized as shown in the table of contents, including our understanding of the objectives and scope of the engagement, our approach to the engagement, and our qualifications to effectively perform the engagement.

Very truly yours,



Richard H. Bowler, Principal

Piercy Bowler Taylor & Kern (PBTK or the Firm) is a regional firm, with offices in Las Vegas, Nevada and Salt Lake City, Utah. The Las Vegas office of our predecessor national firm was established in 1954, merging in the practice of a local firm, which had gained a solid reputation in government and not-for-profit accounting and auditing. Our office in Salt Lake City was recently established and also specializes in government and not-for-profit accounting and auditing.

PBTK is a general practice with emphases in government, not-for-profit, gaming, hospitality, real estate, construction, and law firm litigation support. PBTK provides a variety of services to its clients including accounting, auditing, taxation, business advisory, financial planning, and valuation services. In addition, members of our Firm have conducted seminars and undertaken speaking engagements for numerous organizations and have served on committees concerned with government accounting and auditing for the American Institute of Certified Public Accountants (AICPA), the Nevada Society of Certified Public Accountants and the Government Finance Officers Association.

The principals of PBTK have been established and practicing in the Las Vegas area for periods up to 45 years and are listed as follows:

James Andrus (Utah)	Jay Beltz	Richard H. Bowler
Troy Crowther	Thomas M. Donohue	Jeffrey B. Edwards
Martha J. Ford	Mark Hashimoto (Utah)	Michael W. Kern
Thomas LaPlaca	Howard B. Levy	William M. Nelson
Kathe Nysten	Kelly G. Parker	L. Ralph Piercy
Mike Rosten	Scott W. Taylor	James W. Wilcox

PBTK personnel complement is as follows:

Principals	18
Managers	9
Professional staff	23
Administrative staff	<u>11</u>
	<u>61</u>

PBTK government and not-for-profit audit staff is as follows:

Principals	5
Audit team leaders	4
Professional staff	<u>13</u>
	<u>22</u>

PBTK is a member of DFK International/USA, an international association of traditional independent accounting and auditing firms. The Firm's membership in this group enhances our worldwide reach, provides us with additional resources, and expands the world of opportunity for our clients.

PBTK is also a member of the Center for Public Company Audit Firms of the AICPA, and a registered firm with the Public Companies Accounting Oversight Board (PCAOB). As such, PBTK is subject to the most intensive practice monitoring (peer review and inspection) programs. The Firm's latest peer review was completed in September 2010, included several government and not-for-profit engagements, and resulted in an unqualified opinion. A copy of the peer review report is included as Appendix B.

The Firm represents that it is a properly licensed certified public accounting firm in the State of Nevada (license number CORP-0299). This license was issued December 1, 1990 and has been renewed through December 31, 2011.

The Firm represents that it meets the continuing education requirements and external quality control review requirements of the Nevada State Board of Accountancy.

Our Firm has had considerable experience in providing services to state and local government organizations within Nevada. The five most significant government and not-for-profit entities that are similar to the City for which we recently performed audit services are as follows:

<u>Engagement Client</u>	<u>Scope of Work</u>	<u>Date</u>	<u>Principal</u>	<u>Total Hours</u>	<u>Engagement Contact</u>
City of North Las Vegas, Nevada ⁴	FS ² Audit ³ / A-133 Audit	YE 6/30/10 and prior 14 years	James Andrus	1,500	Al Nayola (702) 633-1170
University Medical Center	FS ² Audit ³ / A-133 Audit	Y/E 6/30/10 and prior 3 years	Richard Bowler	1,826	Floyd Stevens (702) 383-2797
City of Henderson, Nevada ⁴	FS ² Audit ³ / A-133 Audit	Y/E 6/30/10	Tom Donohue	1,535	Richard A. Derrick (702) 267-1708
Las Vegas Valley Water District ⁴	FS ² Audit ³ / A-133 Audit	Y/E 6/30/10 and prior 5 years	Tom Donohue	875	Grant Couch (702) 258-3119
Las Vegas Convention and Visitors Authority ³	FS ¹ Audit ²	Y/E 6/30/10 and prior 3 years	Martha Ford	800	Brenda Siddall (702) 892-2990

Some other government and not-for-profit entities for which we have also performed financial and compliance audits in the past are as follows:

- | | |
|---|-------------------------------------|
| Southern Nevada Water Authority | Clark County Department of Aviation |
| Clark County Water Reclamation District | City of Henderson, Nevada |
| Regional Transportation Commission of Southern NV | Boulder City Library District |
| Foundation for an Independent Tomorrow | Colorado River Commission of Nevada |
| University of Southern Nevada | State Bar of Nevada |

Many of the Firm's government and certain "for profit" business clients have issued public bonds and, accordingly, we have extensive experience in designing and performing appropriate procedures enabling us to report on compliance with many types of bond covenants and other requirements.

No professional services have been performed for the City by PBTk in the last five years.

If selected for this engagement, the Firm would become appropriately licensed and pay a business license fee to the City and provide proof of required insurance coverage.

¹ FS = Financial Statement

² Performed in accordance with *Government Auditing Standards*

³ Recipient of the GFOA certificate of achievement for excellence in financial reporting

Our philosophy is to put more knowledge and experience on each engagement than our competitors, unlike most national firms that plan to push tasks to the lowest staff level or smaller firms that have not made adequate investment in resources. The Firm engages in extensive recruitment for proven academic performers who have demonstrated leadership qualities during their years of formal education.

To maintain quality of staff and provide superior service, we strive to maintain continuity of staff on each engagement from year-to-year. During the past several years, we have experienced very little turnover, which affords us the luxury of maintaining the composition of the supervisory personnel on engagement teams. This ensures the decision-makers are informed, and minimizes the burden on your staff in terms of answering the same questions repeatedly. In addition, because of our Firm's government and not-for-profit practice concentration, the majority of our professional staff has significant experience in engagements with such entities.

We have identified the following personnel to be assigned to your engagement. These personnel are all properly licensed to practice as certified public accountants in the state of Nevada, and substitutions will not be made without prior approval by management of the City. Each professional has been carefully selected based upon our analysis of that individual's qualifications to meet your needs:

Engagement Principal	Thomas M. Donohue, CPA, CIA
Engagement Principal	Martha J. Ford, CPA, CFE
Engagement Team Leader	Aaron Lee, CPA, CFE

General and specialized training programs are attended by all professional staff. Each principal and member of our professional staff is required to participate in a minimum of 80 hours of continuing professional education every two years and, as required by *Government Auditing Standards*, those individuals directly involved with government audits receive the necessary specialized training (24 hours every two years) relating to the government environment and government auditing.

The following are brief summaries of the relevant qualifications of the individuals selected to be responsible for providing the proposed services to the City. Additional biographical information can be obtained from our website (www.pbt.com):



Thomas M. Donohue, CPA, CIA. Mr. Donohue joined the Firm in January 1998. He is a shareholding principal in the Firm's Las Vegas office, with significant experience with many of the Firm's larger government audit engagements. His experience includes compiling the statistical section for governments for their Comprehensive Annual Financial Report.

Mr. Donohue is a Certified Internal Auditor (CIA) and is also the Firm's practice leader with respect to gaming regulatory compliance (i.e., internal audit) engagements, including Title 31 anti-money laundering compliance. His role also includes supervision of internal audit functions of six casinos operated by Marriott International, Inc.

Mr. Donohue is a member of the American Institute of Certified Public Accountants (AICPA), the Nevada and California Societies of Certified Public Accountants and the Institute of Internal Auditors (IIA) and is a certified public accountant licensed to practice in the states of Nevada, California and Minnesota.

A representative list of his government audit clientele includes the following:

- Colorado River Commission*
- City of Henderson*
- City of North Las Vegas*
- Las Vegas Valley Water District*
- Southern Nevada Water Authority*
- Southern Nevada Health District*

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Mr. Donohue graduated from the University of Nevada, Las Vegas, with a Bachelor of Science degree in Business Administration (accounting emphasis). Mr. Donohue has also been a guest lecturer on accounting and auditing topics for Horwath International.



Martha J. Ford, CPA, CFE. Ms. Ford joined the Firm in December 2000, and is an audit principal with the Firm with over 10 years of experience in government and not-for-profit financial and compliance auditing.

Ms. Ford has been extensively involved in audit, review, compilation, and other attest services. She is responsible for a wide variety of audit, accounting and other Firm engagements and assuring that they are completed in accordance with the standards of the Firm and the profession. She is also actively involved in the design, update and implementation of the Firm's audit practice aids.

Ms. Ford's professional experience with governmental and not-for-profit (including Single Audit) clients include the following:

- | | |
|--|--|
| Las Vegas Convention and Visitors Authority ^{1,2} | Las Vegas-Clark County Library District ^{1,2} |
| The Meadows School | Las Vegas Valley Water District ^{1,2} |
| Boulder City Library District ² | Southern Nevada Water Authority ^{1,2} |
| City of North Las Vegas ^{1,2} | workforce CONNECTIONS ² |

¹ Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

² Performed in accordance with *Government Auditing Standards*.

Professionally, Ms. Ford is a certified public accountant in Nevada and a Certified Fraud Examiner. Ms. Ford is a member of the American Institute of Certified Public Accountants, Association of Certified Fraud Examiners, Nevada Society of Certified Public Accountants and the Nevada Government Finance Officers Association. She has a Bachelor of Science in Business Administration, Accounting (Magna Cum Laude) and a Master of Science, Accounting from the University of Nevada, Las Vegas.



Aaron Lee, CPA, CFE. Mr. Lee joined the Firm in January 2008. He is a *Senior Associate* in the Firm's Las Vegas office, with experience with a few of the Firm's larger government audit engagements.

Mr. Lee's experience includes performing audit procedures for governments and their Comprehensive Annual Financial Report.

Mr. Lee is a member of the American Institute of Certified Public Accountants (AICPA), the Nevada Society of Certified Public Accountants and the Association of Certified Fraud Examiners (ACFE) and is a certified public accountant licensed to practice in the state of Nevada.

A representative list of his government audit clientele includes the following:

- Colorado River Commission*
- City of North Las Vegas*
- Las Vegas Valley Water District*
- Southern Nevada Water Authority*

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Mr. Lee graduated from Brigham Young University - Idaho, with a Bachelor of Science degree in Accounting.

As represented by the City's request for statement of qualifications, the internal audit function shall consist of the following:

- Investigate each office and department of the City to determine compliance with the accounting procedures manual.
- Recommend modifications to the accounting procedures manual, which would, in the opinion of the internal auditor, improve the effectiveness and efficiency of accounting and reporting and internal controls.
- At the direction of the Audit Committee and the Board, conduct special investigations into any financial matter of any office or department of the City.
- Perform other duties as directed by the Audit Committee and the Board.

We would perform the internal audit function on behalf of the Audit Committee of the City. This would include assisting the Audit Committee in the determination of the City funds, functions, departments and programs that would be audited and the nature and scope of the audits performed. Depending upon the circumstances and expressed objectives of the Audit Committee, we might perform financial audits, performance audits, compliance audits, fraud investigations or consulting services relating to internal controls over financial, performance or compliance information and activities. Regardless of the nature or scope of any audit, we would be alert to internal control deficiencies that might be revealed during the course of that audit, even if the identification of such deficiencies was not the primary objective the audit.

We would prepare and present an annual audit plan to the Audit Committee. This plan would identify the proposed areas to be audited, focusing on the audit of performance as outlined in the City's strategic plan with direction from the Audit Committee.

In planning and scheduling the audits, we would perform a risk analysis of the City's individual funds, functions, departments and programs. This analysis would allow us to assist the Audit Committee in prioritizing the audit schedule. Those areas that are determined to be exposed to higher risks of financial loss through fraudulent activities, inadvertent error, waste of resources, including the time of City employees, more extensive regulatory compliance requirements, or otherwise would receive higher priority.

We would perform our audits in accordance with Generally Accepted Auditing Standards and Attestation Standards of the American Institute of Certified Public Accountants, Government Auditing Standards of the United States Government Accountability Office, including performance auditing standards, and Internal Auditing Standards of the Institute of Internal Auditors. All of the above auditing standards contain information relating to the evaluation of internal controls that would be incorporated in the audits that we perform.

Since the City is particularly interested in audits that focus on areas of program effectiveness and efficiency, ordinarily referred to as performance audits, we would be alert to those areas where performance audits would be effective in providing particular benefits to the City. Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate

evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. A performance audit may have more than one overall objective. For example, a performance audit with an objective of determining or evaluating program effectiveness may also involve an additional objective of evaluating internal controls to determine the reasons for a program's lack of effectiveness or how effectiveness can be improved. We would assist the Audit Committee in identifying those areas where performance audits would be appropriate, the relevant audit objectives, including opportunities to efficiently address multiple objectives, and the appropriate criteria for evaluating performance.

Program effectiveness and results audit objectives are frequently interrelated with economy and efficiency objectives. Audit objectives that focus on program effectiveness and results typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results. Internal control audit objectives relate to an assessment of one or more components of an organization's system of internal control that is designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial and performance reporting, or compliance with applicable laws and regulations. Compliance audit objectives relate to an assessment of compliance with criteria established by provisions of laws, regulations, contracts, or grant agreements, or other requirements that could affect the acquisition, protection, use, and disposition of the entity's resources and the quantity, quality, timeliness, and cost of services the entity produces and delivers. Prospective analysis audit objectives provide analysis or conclusions about information that is based on assumptions about events that may occur in the future, along with possible actions that the entity may take in response to the future events.

Criteria represent the laws, regulations, contracts, grant agreements, standards, specific requirements, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings, conclusions, and recommendations included in the report.

We would assign sufficient staff with adequate collective professional competence to perform each audit. In staffing the audits, we would consider, among other things a) assigning staff with the collective knowledge, skills, and experience appropriate for the job, b) assigning a sufficient number of staff and supervisors to the audit, c) providing for on-the-job training of staff, and d) engaging specialists when needed. We would provide sufficient guidance and direction to staff assigned to each audit to address the audit objectives and follow applicable requirements, while staying informed about significant problems encountered, reviewing the work performed, and providing effective on-the-job training.

We would provide information to the Audit Committee by monthly written reports and at each quarterly Audit Committee meeting as to the status of each audit or other investigation, including immediate notification of any difficulties encountered, including any internal control deficiencies discovered. After the completion of each audit, we would provide a written report prepared in accordance with standards provided by the Institute of Internal Auditors. Such reports would set forth the nature, scope and objectives of the audit, describe the circumstances and conditions under which the audit was performed, the specific audit procedures applied, and the results of the audit, including any deficiencies in internal

control or other matters discovered, with recommendations to the Audit Committee for appropriate remedial actions, as well as any related management responses.

We would provide additional administrative support services such as the following:

1. Working with the City's strategic planner to identify and implement appropriate performance measures, including budgetary performance measures,
2. Providing input regarding the City's annual independent financial statement audit,
3. Evaluating the City's fiscal stability and wellbeing,
4. Establishing a process to evaluate the legal and ethical conduct of City staff and the City's internal controls, with an emphasis on potential fraud, waste and abuse,
5. Reviewing and making recommendations about City Ordinance Chapter 2.14 for possible revisions to include identifying possible fraud, waste and abuse,
6. Making recommendation for additional requirements, and other revisions and clarifications as appropriate, for membership on the Audit Committee to include experience in the management of government organizations, including budgetary and operational matters, and
7. Providing clerical services as needed to support the Audit Committee.

We understand that the engagement will be for a term of one year, presumably beginning upon our obtaining a signed engagement letter. Since it is estimated that the minimum time required for performance of the engagement during that year would be 25 hours per week, we would expect to, and hereby commit to, provide a minimum of 1,300 hours of professional services during the term of the engagement. We would commit our availability to the Audit Committee at any time, by telephone, Email, or personal appearance, allowing for travel time, during the term of the engagement. However, for the sake of efficiency, we would expect to perform the required audits in concentrated blocks of time throughout the year. This would include some weeks in which we would devote much more than 25 hours, with several of our staff involved, and some weeks where we would not be performing any services at all.

<u>Name</u>	<u>Position</u>	<u>Current Standard Billing Rate</u>	<u>Discounted Billing Rate for This Engagement</u>
Thomas M. Donahue	Shareholder	\$ 370	\$ 200
Martha J. Ford	Principal	320	200
Aaron Lee	Senior	150	100
Others	Associates	100	70

Although, since our main office is in Las Vegas, Nevada, we would incur travel and subsistence cost in performing the engagement, in the interest of being competitive with more contiguous providers, we would not charge the City for such costs. We would, however, charge for administrative support, such as supplies and personnel, at our cost. Please see estimates of these administrative costs in the attached manpower and expense matrix (Appendix A).

APPENDIX A
MANPOWER AND EXPENSE MATRIX

**STATEMENT OF QUALIFICATIONS
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
APPENDIX A
HYPOTHETICAL ESTIMATED MANPOWER AND EXPENSE MATRIX**

<u>Week Ending</u> ¹	<u>Function/Project</u> ²	<u>Manpower Requirements (Hours)</u>				<u>Total</u>
		<u>Principal, CIA</u>	<u>Principal, CFE</u>	<u>Team Leader</u>	<u>Associates</u>	
12/9/2011	Preparation for initial meeting with A/C ³	4	4	4	2	14
12/16/2011	Initial meeting with A/C	2	2	2		6
12/23/2011						
12/30/2011	Monthly report to A/C	1	1	2	1	5
1/6/2012						
1/13/2012	Completion of risk analysis	2	12	20	10	44
1/20/2012	Review of A/C organization and processes	1	4	12	8	25
1/27/2012	Review of Accounting Procedures Manual	2	10	20	16	48
2/3/2012	Monthly report to A/C	2	2	4	2	10
2/10/2012						
2/17/2012	Review of budget process	4	10	12	4	30
2/24/2012	Treasurer's office audit	2	4	10	30	46
3/2/2012	Monthly report to A/C	2	2	4	2	10
3/9/2012						
3/16/2012						
3/23/2012	Purchasing and contracts audit	2	4	10	40	56
3/30/2012	Clerk/Recorder audit	2	4	10	30	46
4/6/2012	Monthly report to A/C	2	2	4	2	10
4/13/2012						
4/20/2012	Risk management audit	2	4	16	30	52
4/27/2012	Justice Courts audit	2	4	12	36	54
5/4/2012	Monthly report to A/C	2	2	4	2	10
5/11/2012						
5/18/2012						
5/25/2012	Assessor's office audit	2	4	10	40	56
6/1/2012	Monthly report to A/C	2	2	4	2	10
6/8/2012						
6/15/2012	Business Development audit	2	4	16	36	58
6/22/2012	Library audit	2	4	10	40	56
6/29/2012	Monthly report to A/C	2	2	4	2	10
7/6/2012						
7/13/2012						
7/20/2012	Information Technology audit	2	4	10	36	52
7/27/2012	Parks and Recreation audit	2	4	16	36	58

**STATEMENT OF QUALIFICATIONS
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION
APPENDIX A
HYPOTHETICAL ESTIMATED MANPOWER AND EXPENSE MATRIX**

<u>Week Ending</u> ¹	<u>Function/Project</u> ²	<u>Manpower Requirements (Hours)</u>				<u>Total</u>
		<u>Principal, CIA</u>	<u>Principal, CFE</u>	<u>Team Leader</u>	<u>Associates</u>	
8/3/2012	Monthly report to A/C	2	2	4	2	10
8/10/2012						
8/17/2012						
8/17/2012	District Courts audit	2	4	12	36	54
8/24/2012	Public Works audit	2	4	12	40	58
8/31/2012	Monthly report to A/C	2	2	4	2	10
9/7/2012						
9/14/2012	CAFR review	2	4	16	38	60
9/21/2012	Welfare audit	2	4	16	44	66
9/28/2012	Sheriff audit	2	4	10	36	52
10/5/2012	Monthly report to A/C	2	2	4	2	10
10/12/2012						
10/19/2012	Community Health audit	2	4	10	30	46
10/26/2012	Fire Department audit	2	4	10	30	46
11/2/2012	Monthly report to A/C	2	2	4	2	10
11/9/2012						
11/16/2012	Animal Services audit	2	4	10	30	46
11/23/2012	Human Resources audit	2	4	10	40	56
11/30/2012	Monthly report to A/C	2	2	4	2	10
Total hours		76	141	342	741	1300
Discounted billing rates		\$ 200	\$ 200	\$ 100	\$ 70	\$ 99.59 ⁴
Estimated fees for services		\$ 15,200	\$ 28,200	\$ 34,200	\$ 51,870	129,470
Administrative costs						1,530
Estimated total fees and costs						<u>\$ 131,000</u>

¹Time schedule is dependent upon starting date and final determination of functions and projects to be performed.

²Functions and projects on this schedule are hypothetical and subject to review and approval by the Audit Committee.

³Audit Committee.

⁴Overall weighted average billing rate.

APPENDIX B
PEER REVIEW REPORT

HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750
Salt Lake City, UT 84180-1128
Phone: (801) 532-2200
Fax: (801) 532-7944
www.hbmcpas.com

Registered with the Public Company
Accounting Oversight Board



SYSTEM REVIEW REPORT

September 23, 2010

To the Shareholders of
Piercy Bowler Taylor & Kern
CPAs and Business Advisors
and the National Peer Review Committee of the AICPA

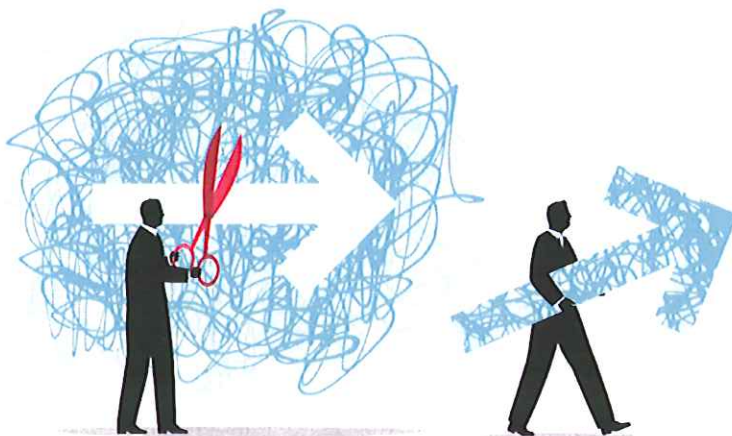
We have reviewed the system of quality control for the accounting and auditing practice of Piercy Bowler Taylor & Kern CPAs and Business Advisors (the firm) in effect for the year ended June 30, 2010. Our review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitation of and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Piercy Bowler Taylor & Kern CPAs and Business Advisors in effect for the year ended June 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Piercy Bowler Taylor & Kern has received a peer review rating of *pass*.

Hansen, Barnett & Maxwell, P.C.

MOSS-ADAMS_{LLP}



STATEMENT OF QUALIFICATIONS

**Carson City
Internal Audit Services**

November 18, 2011

Prepared by:

Moss Adams LLP

999 Third Avenue, Suite 2800
Seattle, Washington 98104
(206) 302-6500

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November 18, 2011

Ms. Kim Belt
Finance Department – Purchasing and Contracts
Carson City
201 N. Carson Street, Suite 3
Carson City, NV 89701

Dear Kim,

Moss Adams LLP is pleased to submit our statement of qualifications for providing internal and performance audit services to Carson City. We understand that the objectives of this engagement are to fulfill the audit duties described in Section 3.075(2) of the Carson City Charter and undertake performance audits to evaluate the efficiency and effectiveness of departments and programs. Our team has an outstanding track record of supporting municipalities by serving as internal and performance auditors. We are confident that we provide an approach and team that are well aligned with your expectations and needs for the following reasons:

- 1. Moss Adams brings a comprehensive approach to internal auditing.** Our approach to internal auditing is comprehensive and embraces a blend of assessment activities focused on internal controls, management and operations, programs, policies and procedures, performance, and systems. The breadth of our capabilities makes us unique among our competitors. We offer services that are both practical and affordable. Our firm endorses and subscribes to the Institute of Internal Auditors auditing standards, and team members are trained in Generally Accepted Government Auditing Standards.
- 2. Moss Adams has an extensive performance audit practice.** We have been a leader in government efficiency and effectiveness assessments for over 30 years. We assist clients move toward best practices management and operations on a regular basis. We regularly provide performance audits, management reviews, and process assessments to serve hundreds of municipalities on the west coast. Representative clients include the Cities of Albuquerque, Issaquah, Maple Valley, Modesto, Phoenix, Portland, and Santa Fe; King, Marion, and Snohomish Counties; Housing Authority of the County of Santa Clara; Community Transit; and California Institute of Regenerative Medicine.
- 3. Moss Adams offers extensive experience working with local governments.** We have a formal government industry group serving over 100 local government entities annually. We have a staff of over 50 consulting professionals and 100 trained auditors who are familiar with the complex business and technical structure of local governments. We understand the unique requirements of government agencies and programs, as well as the intricacies involved in the diverse needs of various customers, departments, and constituents. This knowledge helps us to quickly identify issues and develop recommendations for realistic and viable solutions to assist city staff and the public they serve.

4. **Our philosophy is to work collaboratively with our clients to achieve improvements.** Rather than performing engagements *for* our clients, we team *with* them to address what is needed to improve the efficiency and effectiveness of their operations. Moss Adams considers a very important part of our engagements to be the knowledge and guidance we provide to our clients that will allow them to continue to improve their organizations. Our team will work closely with City management and staff to ensure a working relationship that will provide maximum benefit in meeting the stated goals and objectives for this engagement.
5. **Members of our team work for and report to councils, boards, and audit committees on a regular basis.** Because we are hired by elected and appointed government leaders to solve challenging business problems, we are well versed in dealing with this level of government. As a result, our team members are experienced delivering findings and recommendations to councils, boards, and committees in public meeting environments.
6. **Moss Adams is an established, reputable firm with extensive resources and technical proficiency.** Moss Adams is the 11th largest accounting and consulting firm in the U.S. and the largest headquartered in the West. The firm employs over 1,700 personnel serving clients from 21 offices. We operate two full service offices in the Southwest, including Albuquerque and Phoenix, and we regularly work in Nevada.
7. **Our team is totally independent and objective.** Our assessment approach is based upon straightforward analysis, bringing unbiased views and a fresh look to a situation. We have built a solid reputation for a fair and objective approach to internal and performance audits, as well as being savvy about government business practices.

Tom Krippaehne, Managing Partner, will be the designated Internal Auditor and Partner-in-Charge. Due to the focus on performance audits, Mark Steranka, Director, will serve as the Project Manager. Together, they lead audit services for Moss Adams Advisory Services, our consulting division.

Please contact Tom Krippaehne with any questions regarding this statement of qualifications. You can reach him at 206.302.6544 and tom.krippaehne@mossadams.com. We look forward to the possibility of working with you on this important undertaking. Thanks very much for your consideration.

Sincerely,



Tom Krippaehne
Managing Partner
for Moss Adams Advisory Services

1. FIRM CAPABILITIES

Moss Adams offers a wide range of internal auditing and management consulting services to the hundreds of public and private sector clients it serves throughout the western United States. The capabilities of our firm and the scope of our local government practice and internal and performance audit consulting services are described below.

1.1 OVERVIEW OF THE FIRM

Moss Adams LLP provides assurance, tax, and consulting services to public and private enterprises from many industries. Founded in 1913 and based in Seattle, Washington, the firm has 21 offices throughout Arizona, California, Missouri, New Mexico, Oregon, and Washington, and ranks as the 11th largest accounting and consulting firm in the United States. Moss Adams is also a founding member of Praxity, a global alliance of independent accounting firms in major markets throughout North America, South America, Europe, and Asia.

Moss Adams is organized as a limited liability partnership. At present, there are 230 active partners. The firm is in a solid financial position, with sufficient working capital to meet its existing and future liabilities. The Executive Committee and ownership of the firm have a long track record of sound financial management and are dedicated to ensuring the financial integrity of the business. Annual revenues are supported by our partners and over 1,700 personnel, including over 200 consultants.

1.2 LOCAL GOVERNMENT PRACTICE

Moss Adams LLP has developed breadth and depth of expertise, skills, and specialized knowledge in multiple industries over many years of service. One of our most successful areas of industry focus is our Not-For-Profit/Government Group. Moss Adams' Not-for-Profit/Government Group consists of a firm-wide team of over 200 professionals, the vast majority of whom specialize primarily, if not exclusively, in serving government and tax exempt organizations.

This team serves over 1,000 clients and has provided over 2 million hours of service over the past 10 years. Our Not-for-Profit/Government Group includes dedicated partners, senior managers, and managers who are among the most experienced government service professionals in the western United States. This team's reputation for industry knowledge and quality service has been the primary reason for the growth of this practice.

1.3 GOVERNMENT AUDIT/CONSULTING SERVICES

Moss Adams operates a full-service public sector audit and consulting practice that serves our government and not-for-profit clients. We have experience that specifically aligns with Carson City’s requirements. Our public sector consulting staff has performed hundreds of internal audits, performance audits, strategic planning, cost allocation studies, management improvement, financial modeling, alternatives analysis, cost/benefit studies, benchmarking, policy development, workflow reengineering, staff recruiting, systems implementation, and human resources projects.

The assessment of department and program efficiency and effectiveness is a frequent component of the government services provided by Moss Adams. We have a staff of over 50 consulting professionals and 100 trained auditors who are familiar with the complex business and technical structure of local government. We understand the unique requirements of government agencies and programs, as well as the intricacies involved in the diverse needs of various customers, departments, and constituents.

Moss Adams’ consulting practice has earned a reputation for adding value and providing objective analysis and insight. Our internal and performance audit experience is vast, with work conducted for every facet of local government. A representative sample of our local government audit and assessment services is provided below.

Government Audit and Assessment Clients	
• City of Albuquerque, NM	• City of Bainbridge Island, WA
• Benton County, OR	• City of Corvallis, OR
• Cascade Water Alliance, WA	• City of Maple Valley, WA
• City of Bellingham, WA	• City of Modesto, CA
• City of Hillsboro, OR	• City of Portland, OR
• City of Issaquah, WA	• City of Santa Fe, NM
• City of Las Vegas, NV	• City and County of San Francisco, CA
• City of Phoenix, AZ	• Clark County, WA
• City of Shoreline, WA	• King County, WA
• Community Transit, WA	• Los Alamos County, NM
• Island County, WA	• Los Angeles Water and Power, CA
• Lyon County, NV	• Maricopa County, AZ
• PNGC Power, OR	• Marion County, OR
• Port of Tacoma, WA	• Santa Clara Housing Authority, CA
• Seattle City Light, WA	• Seattle Public Schools, WA
• Sno-Isle Libraries, WA	• Snohomish County, WA
• Sound Transit, WA	• Tacoma Public Schools, WA
• Tacoma Public Utilities, WA	• Whatcom Transportation Authority

1.4 REFERENCES

Moss Adams is extremely pleased to provide references that reflect our recent, relevant internal and performance audit experience for this important project for Carson City.

Reference #1	
Company	City of Modesto
Project	Internal Audit and Departmental Performance Audits
Contact Person	Dee Williams-Ridley, Deputy City Manager
Contact Information	209.571.5809, dwilliams-ridley@modestogov.com
Project Leads	Tom Krippaehne and Mark Steranka

Reference #2	
Company	City of Issaquah
Project	Development Functions Performance Assessment
Contact Person	Bob Harrison, City Administrator
Contact Information	425.837.3033, bobh@ci.issaquah.wa.us
Project Leads	Tom Krippaehne and Mark Steranka

Reference #3	
Company	California Institute for Regenerative Medicine
Project	Performance Audit
Contact Person	Ian Sweedler, Deputy General Counsel
Contact Information	415.396.9122, isweedler@cirm.ca.gov
Project Leads	Tom Krippaehne and Mark Steranka

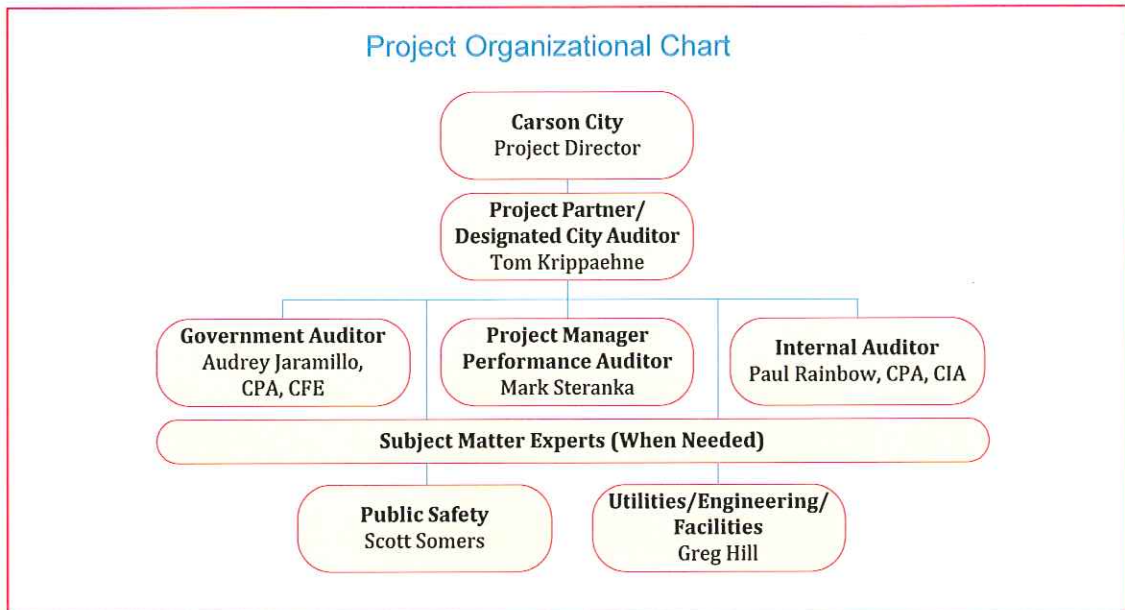
Reference #4	
Company	Community Transit
Project	Enterprise Organizational Assessment
Contact Person	Emmett Heath, Chief Administrative Officer
Contact Information	425.348.7103, emmett.heath@commtrans.org
Project Leads	Tom Krippaehne and Mark Steranka

2. TEAM MEMBER QUALIFICATIONS

We take great pride in the experienced staff we assign to our engagements. New clients, as well as our long-time clients, regularly compliment our staff on their industry knowledge and practical approach. Your service team will provide internal and performance audit services with substantial knowledge of internal controls and accounting procedures, as well as extensive experience assessing municipal governments.

Our team will be tailored to the specific needs of priority areas of focus. Our engagements are led by dedicated internal and performance audit professionals who are talented project managers. Because of the size and depth of our firm, you will have access to professionals with deep audit, controls, accounting, and government operations expertise designed to meet your needs. We plan to devote at least 25 hours per week on average over the contract period.

We have assembled a team that is aligned with the requirements established in the Request for Proposal. Tom Krippaehne, Managing Partner of Moss Adams Advisory Services, the consulting division of Moss Adams, will serve as designated City Auditor and Partner-in-Charge for this engagement. Mark Steranka, Director, will lead performance audits and serve as the Project Manager, given the primary focus of this engagement is performance audits. Audrey Jaramillo, CPA, CFE, Senior Manager, will provide government audit and accounting expertise. Paul Rainbow, CPA, CIA, Manager, will provide internal audit expertise. We will supplement our core team with subject matter experts (SMEs), such as those represented below, to address specialized City services. The following organization chart depicts our proposed project team.



As the prime contractor, Moss Adams intends to perform the proposed engagement for Carson City with its own internal staff, along with sub-consultant subject matter experts as needed. The following resource allocation table identifies the individuals who will be performing the requested services.

Name	Title	Experience	Affiliation	Responsibility
Tom Krippaehne, CRISA	Managing Partner	30 years	Prime	Designated City Auditor, Partner-in-Charge
Mark Steranka	Director	25 years	Prime	Project Manager, Performance Auditor
Audrey Jaramillo, CPA, CFE	Senior Manager	13 years	Prime	Government Auditor
Paul Rainbow, CPA, CIA	Manager	12 years	Prime	Internal Auditor
Scott Somers	SME	30 years	Sub-consultant	Public Safety SME
Greg Hill	SME	30years	Sub-consultant	Utilities, Engineering, and Facilities SME

We believe that the staffing outlined above provides the City with the functional and technical expertise required to provide superior internal and performance auditing services. Moss Adams’ personnel are experienced auditing all core municipal functions, including, but not limited to:

- General government (City Manager, Finance, Human Resources, Information Technology)
- Public Works
- Economic Development
- Clerk/Records Office
- Health and Human Services
- Courts and District Attorney

As needed, we will supplement our team with additional subject matter experts to investigate other specialized City services. Resumes for key members of our project team are provided below.

Tom Krippaehne

Project Manager, Designated City Auditor and Partner-in-Charge

Tom is the Managing Partner of Moss Adams Consulting, in charge of the firm's Internal Auditing and Consulting Group, and oversees and conducts projects for clients up and down the West Coast. Tom has offers over 30 years of experience and began his career in the Big 8. He has directed and managed hundreds of projects, ranging in size from small advisory-based projects to multi-year projects requiring tens of thousands of hours. He specializes in internal control audits, including performance and compliance audits, organizational restructuring, efficiency and effectiveness studies, and finance and technology projects. He has extensive experience serving the needs of local government entities and specific performance with internal auditing.

Tom has performed internal auditing services similar to those requested by Carson City for a variety of municipal clients, including, among others: the Cities of Bellevue, Issaquah, Modesto, Roseville, Seattle, and Tacoma; King, Marion, Lyon, Pierce, Clark, and Snohomish Counties; the Washington State Auditor's Office; Community Transit, Sound Transit, and Whatcom Transportation Authority; and Housing Authority of the County of Santa Clara.

For this engagement, Tom will be responsible for overall project oversight and performance and direction of internal audit activities. He will attend meetings of the Audit Committee and Board of Supervisors and review and/or prepare required documentation. He will consult with City leadership and staff and be available for consultation.

Education and Certifications

- Master of Business Administration (MBA), University of Washington
- Bachelor of Science, Finance, Oregon State University
- Certified Public Accountant (CPA) –1981-1984
- Certified in Risk and Information Systems Control (CRISC)
- Member of the Institute of Internal Auditors (IIA)
- Member ISACA

Mark Steranka

Performance Auditor and Project Manager

Mark is Director of Planning and Policy for Moss Adams Advisory Services. He offers 25 years of consulting experience. He has worked extensively with local and state governments to assess performance by evaluating the efficiency and effectiveness of operations and compliance with requirements. Assignments he has managed have ranged in size from \$25,000 to \$750,000 and addressed performance relative to operations, finance, governance, management, organization, policies, and procedures. He is experienced reporting to legislative committees, boards, councils, commissions, and executive management and working with citizen committees and stakeholder groups. His performance audit experience includes developing findings and recommendations, as well as implementation plans. He manages performance audits and management reviews for government and not-for-profit organizations, and he is trained in GAGAS Performance Audits.

Mark has assessed performance for clients such as the Cities of Anacortes, Burien, Edmonds, Lynnwood, Issaquah, Modesto, Mount Vernon, Normandy Park, and West Richland, California Institute for Regenerative Medicine, Community Transit, North Perry Water District, Richland School District, Tacoma Department of Public Utilities, Snohomish County PUD No. 1.

Given Carson City's primary focus of performance audits, Mark will serve as the day-to-day Project Manager. He will lead performance audit activities, including assisting the City to evaluate and prioritize areas of focus, developing audit plans, performing fact finding and analysis, and reporting findings and recommendations. He will meet regularly with, and deliver results to, the City's Project Director and Audit Committee.

Education and Certifications

- Executive Management Program, University of Washington
- Bachelor of Science, Mechanical Engineering, University of Notre Dame
- GAGAS Performance Audits

Audrey Jaramillo, CPA, CFE

Government Auditor

Audrey is a Senior Manager within the Southwest Practice and Governmental Practice Groups of Moss Adams. She has built her 13-year career in auditing and consulting with local, state, and federal governments. Her expertise within this niche is providing high quality audit and consulting services through federal, state, and local governmental audits, performance, and OMB Circular A-133 audits, forensic audits, fraud prevention and detection, and vital internal control and federal compliance recommendations. She excels at helping clients gain continuous improvement.

As a governmental auditor, Audrey assisted the NM State Auditor for six years providing quality control reviews and compliance verification of governmental entities throughout NM. She has led the work of governmental entities, including significant engagements for the City of Albuquerque, City of Santa Fe, NM Department of Transportation, NM Student Loans, Educational Retirement Board, Regulation & Licensing Department, Hispano Chamber of Commerce, Mid-Region Council of Governments, Rio Metro Regional Transit Division, Bernalillo County, Santa Fe County, and NM State Police Department of Public Safety.

For this engagement, Audrey will provide internal audit and government accounting expertise. She will lead sampling and testing, assessment of internal controls, and identification of changes to accounting procedures.

Education and Certifications

- Bachelor of Business Administration (BBA), University of New Mexico
- Certified Public Accountant (CPA)
- Certified Fraud Examiner (CFE)
- Member of the Association of Certified Fraud Examiners, American Institute of Certified Public Accountants, and Association of Governmental Accountants
- Recently graduated from Leadership NM and received NM Governor's Award for Outstanding Women

Paul Rainbow, CPA, CIA, CISA

Internal Auditor

Paul Rainbow is a Manager with Moss Adams Advisory Services. Prior to joining Moss Adams, Paul served as Audit Manager with a large firm in the financial services industry. Paul has more than 12 years of experience performing internal audits, including operations and technology audits. He has also provided consulting services to ensure the effective implementation of new technology, guidance on the design of controls around new business processes and technology, and oversight of significant projects to keep them in line with business objectives and change management procedures.

Paul served as lead auditor and developer of an integrated audit function. He has performed audit work, and associated internal controls reviews for clients such as the City of Farmington, Washington State Employment Security Department, Oregon Secretary of State Audits Division, and numerous businesses, especially financial institutions. He has also performed related work for the City of Portland, Multnomah County, and Portland Development Commission.

For this engagement, Paul will provide internal audit and accounting expertise. He will lead support sampling and testing, assessment of internal controls, and identification of changes to accounting procedures.

Education and Certifications

- Bachelor's Degree, Accounting, Corban College
- Computer Science Studies, Eastern Washington University
- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)

Scott A. Somers,

Public Safety SME

Scott is a seasoned law enforcement executive with over 30 years of experience. His strengths include achieving efficient and effective results through development of individuals and teams and building and leveraging partnerships. His background includes strategic planning, staff development, and budget and grant management. He has held various roles with municipal law enforcement agencies, including Chief of Police, Police Operations Commander, Captain, Sergeant, Field Training Officer, and Master Police Officer.

Scott's prior experience includes assessing, identifying, and prioritizing gaps in capabilities and equipment for emergency management and homeland security. He has also participated in planning and funding activities at the local, regional, state, and federal levels. He has been involved with development of law enforcement policies, procedures, and strategies to prevent, deter, mitigate, respond to, and recover from critical incidents and disasters. He performed these services for, among others, the Cities of Maple Valley, SeaTac, and Kent and for the King County Sheriff's Office.

For this project, Scott will support audits in these areas of public safety. He will provide in-depth knowledge and thorough analysis.

Education and Certifications

- Graduate Certificate, Homeland Security Executive Leadership Program, Naval Post Graduate School
- Certificate, School of Police Staff and Command, Northwestern University
- Bachelor of Science, Criminal Justice Administration, State University of New York at Utica
- Associate of Applied Science, Criminal Justice, Hudson Valley Comm. College
- King County Emergency Management Council
- Seattle Urban Area Security Initiative Working Group
- Regional Air Support Work Group

Gregory Hill

Utilities, Engineering, and Facilities SME

Greg is President of Roth Hill, LLC and the Senior Technical Advisor and/or Principal-in-Charge to Roth Hill's clients on consulting and engineering assignments with the most challenging technical, regulatory, and political issues. He is brought into projects to solve complex technical problems or to dedicate firm resources to a project. With over 30 years' experience in the design and construction of water and sewer projects, Greg's regional industry understanding, forward-looking perspectives, and technical problem-solving expertise ensures solutions meet clients' immediate needs and strategic goals.

As a licensed Civil Engineer, Greg has supervised the planning, design and construction of over \$40 million of public works projects funded by current and past Washington State and Federal Programs including Public Works Trust Fund, Referendums 37/38, Community Development Block Grant, ISTEA, Urban Arterial Funds, Centennial Clean Water, FMHA.

Projects have been completed for numerous agencies who are direct stakeholders in public funding programs. Greg has extensive, direct experience in public source funding application and administration. He routinely works with City Councils and Boards of Commissioners, participates in public hearings, and supports client communications with clients. He has also served as an expert witness, defending public agencies from claims resulting from sewer overflows.

For this project, Greg will support audits in the areas of utilities, engineering, and facilities. He will provide in-depth knowledge and thorough analysis.

Education and Certifications

- Bachelors, Civil Engineering, North Dakota State University
- Professional Engineer, Washington – issued 7/1989, current

3. APPROACH

Moss Adams conducts internal and performance audits in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), the “Yellow Book,” and the Statement on Auditing Standards (SAS) 54. We will apply these standards throughout our process. In addition, we bring a solid understanding of the application of best practices that are compliant with these standards.

Moss Adams takes adherence to Yellow Book standards seriously. As such, key internal controls are in place to ensure a high quality, defensible products for all audit engagements. Some of those internal controls include:

- **Independence** – Moss Adams accepts clients carefully and assigns staff with equal care to ensure that no external, personal, or organizational impairments exist to our work.
- **Professional Judgment** – Moss Adams uses careful planning to determine the type of assignment to be performed and the standards that apply to the work. This includes defining the scope of work, selecting a specific methodology, determining the type and amount of evidence to be gathered, and choosing the tests and procedures. Professional judgment is also demonstrated by an attitude of professional skepticism, which includes a questioning mind and a critical assessment of evidence. Our standards of professional judgment demonstrate experience and integrity in the performance of audit engagements.
- **Competence** – The proposed staff for internal audit engagements are well-qualified. Moss Adams has a rigorous continuing professional education program and ensures that all staff who conduct internal audits meet GAO-specified requirements for education. Our government industry group sponsors an annual education forum, which includes training in relevant areas such as the GAGAS standards, GASB and other public finance standards, and firm auditing practices. In addition to rigorous CPE, our proposed staff members work in a supervised environment, which fosters the development of experience and professionalism.
- **Quality Control and Assurance** – Moss Adams has a rigorous process of internal quality control and supervision. All audit engagements are assigned to a qualified engagement manager. All deliverables, including work papers, findings, recommendations, and final reports are processed through a critical concurring review process, in which a qualified Senior Manager or Partner who is not directly involved in the audit engagement reviews the work for quality and professional standards. In addition to these regular quality control and assurance controls, Moss Adams participates in a regular external peer review process.

We will provide the City with tools that center around delivery of outstanding service and are focused on application of best practices. You will benefit from our experience working with other cities and governmental organizations, which will enhance our ability to provide assessments that will be of specific benefit to you. A summary of the services delivered by our internal and performance audit practice includes the following:

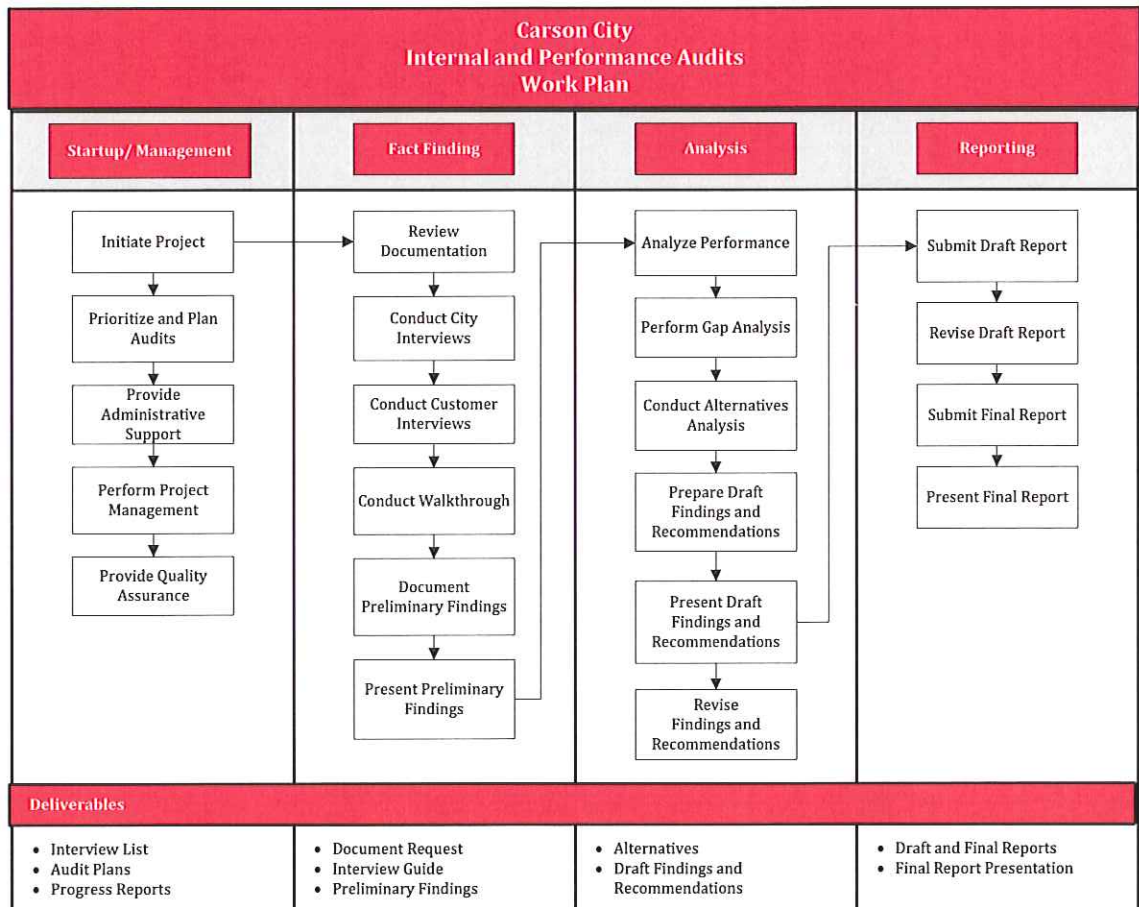
- Risk assessments
- Targeted internal audits
- Performance audits focusing on efficiency and effectiveness improvements
- Focused information systems reviews
- Fraud examinations and investigations
- Peer reviews and best practices benchmarking
- Cost compliance and recovery audits
- Internal controls assessment and consulting services
- Internal audit function outsourcing

Rather than performing engagements *for* our clients, we team *with* them as we address what is needed to improve the efficiency and effectiveness of their departments and programs. Moss Adams considers a very important part of our engagements to be the knowledge and guidance we provide to our clients that will allow them to continue to improve their organizations. Our team will work closely with City management and staff to ensure a working relationship that will provide maximum benefit in meeting the stated goals and objectives for this engagement.

Our performance audit methodology will encompass project planning, onsite fieldwork, interviews, documentation of evidence to support our findings, and a project report that delivers high impact analysis and recommendations. Our approach will be conducted through the following four major phases, which will apply to each department or program addressed by the performance audits:

- **Startup/Management:** This phase will concentrate on comprehensive audit planning and project management, including determining who will be interviewed, what documents will be reviewed, what onsite observations and walkthroughs will be performed, when results will be shared, and how we will report on project status.
- **Fact Finding:** This phase will include documentation review, walkthroughs, observations, testing, and internal and external interviews. We will obtain the most current information available and powerful insights from City personnel.

- **Analysis:** This is the “thinking” portion of the audit where, based on first-hand input gained during fieldwork, we will evaluate the importance, impact, and scope of our findings in order to develop recommended efficiency and effectiveness changes, including changes to accounting procedures as necessary.
- **Reporting:** This phase will conclude the project by communicating findings and recommendations. We will deliver both draft and final reports.



3.1 STARTUP/MANAGEMENT

At project initiation, we will confirm the City’s desired project outcomes and potential reference points from which to assess performance. Additionally, overarching goals and assumptions will be discussed and defined. These components will provide our audit team a direct way to establish assessment criteria against which your organization will be evaluated. We will reference and recommend comparisons to “best practices” we have identified through our extensive performance audit experience.

Initiate Project

We will conduct a planning meeting with the Carson City Project Director, and others as appropriate, to confirm the City's expectations and discuss project scope and logistics. Topics will include responsibilities of the Moss Adams team and City personnel (e.g., providing requested documents and scheduling interviews), timing of project activities, format of deliverables, and reporting progress requirements. During the kickoff meeting, we will establish an interview list, identify internal and external stakeholders, and discuss issues the City wants to make sure the audit addresses.

Further, any sound government audit program will recognize the level of risk that is embedded in the organization's business model. As such, we recommend that the City update its risk assessment related to City functions and, in particular, initiatives and processes that the City desires to evaluate. The risk assessment process will provide the City an important set of benchmarks that will guide both policy and business decisions.

Prioritize and Plan Audits

We will work with the City to develop and prioritize areas of performance audit focus based on potential risk and return on investment. Once priorities have been established, an audit plan will be developed for each project that will ensure ongoing evaluation and assessment of related risks. Each audit plan will adhere to *Government Auditing Standards* and will provide the methodology for addressing performance audit objectives.

The audit plan will describe the nature and extent of audit procedures that will be used to gather and analyze evidence, including specific steps and testing to be performed. We will design the audit methodology in order to obtain sufficient, appropriate evidence to address audit objectives, reduce audit risk to an acceptable level, and provide reasonable assurance that evidence is sufficient and appropriate to support findings and conclusions.

Provide Administrative Support

We will provide administrative support services needed to support the mission of the Audit Committee, such as 1) working with City's strategic planner on performance measures, 2) providing input into the City's annual financial audit, 3) evaluating the City's fiscal health, 4) establishing a process to evaluate the legal and ethical conduct of city staff and the City's internal controls with an emphasis on potential for fraud, waste and abuse, 5) reviewing and making recommendations about City Ordinance Chapter 2.14 for possible revisions, and 6) providing clerical duties to support the Committee.

Perform Project Management

We will conduct rigorous project management activities for the duration of the engagement. These activities will include providing guidance to the consulting team; coordinating with the Carson City Project Director; working issues and solving problems; monitoring progress against the approved work plan; and developing, submitting, and

discussing progress reports with the Carson City Project Director. The goals of strong project management are clear — to conduct high quality audits and bring the project in on-time and on-budget. Regular progress reports will be provided either verbally and/or via e-mail to the Carson City Project Director. Monthly status reports covering the progress of audits will be provided to the Audit Committee, as well as the Board of Supervisors as required.

Provide Quality Assurance

We believe it is important to recognize the need for quality by assuring that all activities and deliverables receive a critical review before submittal to the City. Accordingly, we will assign a Partner-in-Charge to a formal quality review role for this engagement and each department or program audit.

Deliverables:	<ul style="list-style-type: none">• Interview List• Audit Plan• Progress Reports
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3.2 FACT FINDING

Fact finding seeks to gather comprehensive, objective input about the efficiency and effectiveness of City processes and procedures. This phase includes the following fact finding activities.

Review Documentation

For each department or program, we will gather relevant documentation for review. Examples include statutory, regulatory, and ordinance requirements, as well as policies and procedures. The objectives of documentation review include gaining a sufficient understanding of the operational environment, further defining issues and surrounding facts, and, perhaps most importantly, gaining insights to prepare for interviews. Specific steps include developing a document request list, coordinating document receipt and review, and developing questions for use during interviews.

Conduct City Interviews

We will conduct interviews with City personnel to gain an initial understanding of the environment. Interviews are at the heart of fact finding, and it is through interviews that we will gain each person’s individual perspective of current conditions. Interviews will be used to seek preliminary answers to questions posed at project initiation. Interviews are typically conducted at multiple levels, including managers, leads, and technical personnel.

We will interview representatives from the department or program of focus, key stakeholders from interrelated departments, City Administration, Board of Supervisors, and others as identified in the audit plan. An interview guide will be used to support this process.

We will also conducted web-based surveys, as appropriate, to gain broad-based City employee input. We frequently utilize web-based surveys to provide employees a mechanism to anonymously provide input on various performance assessments. These tools are confidential, cost effective, and secure.

Conduct Customer Interviews

In order to gage customer satisfaction, we will conduct interviews with selected customers to gather input from internal and external stakeholders. We will work with the City to identify interview candidates.

Conduct Walkthroughs

Walkthroughs will entail spending time physically walking through City functions. This step is more than a tour and includes a “roving interview” where we will learn about the details of each department and program. Time will be spent gaining an overall visual understanding related to how workflow is managed from beginning to end. Walkthroughs will also allow us to make initial observations to identify important questions and issues that require follow up. Once completed, each walkthrough will provide us an effective means to gain further depth of understanding of issues. We will work directly with the Carson City Project Director to arrange walkthroughs.

Document Preliminary Findings

During and subsequent to data gathering, we will document our preliminary findings in the form of “conclusive facts.” They will be written by (1) documenting the condition or key issue, (2) describing the issue, and (3) defining the impact on the organization. Evidence will be cited during this process.

Present Preliminary Findings

We will present preliminary findings to the Carson City Project Director, and others as appropriate. The fact-finding phase of work gives the entire project team an opportunity to scan a wide breadth of issues. The purpose of this presentation to the City is to avoid surprises by giving the City a chance to preview findings and verify facts to make sure the basis for each finding is accurate and valid.

Deliverables:	<ul style="list-style-type: none">• Document Request• Interview Guide• Preliminary Findings
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3.3 ANALYSIS

The analysis phase moves the study process from findings to assessment. This phase will determine the significance of issues and how best to address them. Our analysis will focus on both intra- and inter-department/program performance.

Analyze Performance

Using the information gathered to date, we will assess City departments and programs for economy, efficiency, and effectiveness improvement opportunities. Our assessment will include, but not be limited to:

- Organizational structure
- Span of control and chain of command
- Staffing levels, capacity, and experience
- Outsourcing, insourcing, and contracting processes
- Operational and technology resources
- Maximizing technology systems
- Adherence to requirements
- Performance measurement
- Work flow and methods
- Internal controls
- Internal and external customer satisfaction
- Policies and procedures
- Decision-making

In parallel to analysis of existing conditions, we will bring an understanding of best practices to the City that can be used to conduct the same or similar types of functions. Definitions of best practices will be embedded in the write-ups submitted to the City and subsequently discussed for potential opportunities for change.

Perform Gap Analysis

Once City departments/programs have been analyzed for efficiency and effectiveness, they will be compared to best practices. This review will be conducted to identify opportunities for beneficial change. We call this comparison “gap” analysis, which not only compares City practices against a potentially better way of conducting business, but also sheds light on what and how changes may be implemented.

Conduct Alternatives Analysis

Each major issue and condition that requires attention will be addressed through various means. These may range from minimal action to wholesale change. For example, related to skills, alternatives could be training, realignment, augmentation, or replacement. Alternatives analysis will be conducted in an abbreviated cost-benefit format inherent within our analysis. Each alternative solution will be scrutinized for pros, cons, resources, budget, training, and risks, if relevant. The resulting analysis will directly feed into our recommendations.

Prepare Draft Findings and Recommendations

To bring the findings and associated recommendations to closure, we will summarize the information in a formal draft deliverable. Findings and recommendations will be organized by category and division.

Present Draft Findings and Recommendations

Draft findings and recommendations will be presented to the Carson City Project Director, and others as appropriate, for review and final validation.

Revise Findings and Recommendations as Appropriate

Based upon the City’s review of draft findings and recommendations, we will update the work as required. Especially important to this process is feedback from the City regarding the practicality of recommendations. Feedback will be incorporated that is objective and constructive to the process. We will conduct one iterative pass (revision) based upon on City feedback.

Deliverables:	<ul style="list-style-type: none"> • Alternatives • Draft Findings and Recommendations
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3.4 REPORTING

This phase will result in the delivery and presentation of draft and final reports.

Submit Draft Report

Our work will be packaged in a draft report, which will be submitted for review by the Carson City Project Director and City Administration. The draft report will include the necessary level of detail to allow the document to stand on its own. The report will integrate the study components:

- Executive Summary
- Audit Objectives, Scope, and Methodology
- Findings and Recommendations
- Management Responses
- Implementation Plan for Improvement Opportunities

The implementation plan will address the budget impact, timing, and City personnel responsibilities for improvement opportunities. At a minimum, the budget impact will be expressed in terms of high, moderate, or low costs. Wherever possible, we will provide a cost estimate or estimated savings associated with each recommendation.

Revise Draft Report

Based on feedback from the City, we will revise the draft report as necessary to address any validation discrepancies or practicality issues.

Submit Final Report

We will prepare and submit our final report in electronic and bound hard copy format.

Present Final Report

We will be available to present the final report in PowerPoint format to City Management, Audit Committee, and Board of Supervisors.

Deliverables:	<ul style="list-style-type: none">• Draft and Final Reports• Final Report Presentation
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4. RATES AND CHARGES

This proposal describes a cost effective, four-step approach to conducting focused performance audits of Carson City departments and programs. Our proposed hourly rates for this engagement are provided below by classification.

Classification	Hourly Rate
Moss Adams Partner	\$225
Moss Adams Director	\$200
Moss Adams Senior Manager	\$175
Moss Adams Manager	\$150
Moss Adams Senior	\$125
Subcontractor Subject Matter Expert	\$200

Based on our extensive performance audit experience, average project costs typically range from \$20,000 to \$24,000 in professional fees, plus out-of-pocket expenses. The scope of each department or program audit will be confirmed at project initiation and subsequent audit planning. The scope will be dependent on a number of factors, including, but not limited to the number of interviews, complexity, depth of analysis, and number of locations (if relevant). A typical performance audit project budget is provided below.

Task	Partner	Director/ Senior Mgr.	Manager/ Senior	Total Hours
1. Startup/Management	4	8		12
2. Fact Finding	4	16	24	44
3. Analysis	8	16	16	40
4. Reporting	8	12	16	36
Total Hours	24	52	56	132
Total Fees	\$5,400	\$9,750	\$7,700	\$22,850

Our professional fees will be billed monthly based on the amount of work completed, plus out-of-pocket expenses incurred.