

CARSON CITY AUDIT COMMITTEE
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A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, February 14, 2017 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bertrand
Member Lori Bagwell
Member Catherine Byrne
Member Stephen Ferguson
Member Ernie Mayhorn

STAFF: Nancy Paulson, Chief Financial Officer
Adriana Fralick, Chief Deputy District Attorney
Kathleen King, Chief Deputy Clerk

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Recording Secretaries Division of the Carson City Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (3:00:52) - Chairperson Bertrand called the meeting to order at 3:00 p.m. Ms. King called the roll; a quorum was present. At Chairperson Bertrand's request, Member Mayhorn provided background information on his education and experience. Member Ferguson arrived at 3:02 p.m. (3:02:49) Ms. King administered the Oath of Office to Member Ferguson. (3:04:08) At Chairperson Bertrand's request, Member Ferguson provided an overview of his background and experience.

3. PUBLIC COMMENTS AND DISCUSSION (3:02:09) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - November 16, 2016 (3:04:42) - Chairperson Bertrand introduced this item, and entertained a motion. **Member Bagwell moved to approve the minutes, as submitted. Member Byrne seconded the motion. Motion carried 3-0-2, Members Ferguson and Mayhorn abstaining.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (3:05:10) - Chairperson Bertrand introduced this item, and entertained a motion. **Member Byrne moved to adopt the agenda. The motion was seconded and carried unanimously.**

6. MEETING ITEMS:

6(A) DISCUSSION REGARDING AUDIT FINDINGS FROM THE JUNE 30, 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT (3:05:21) - Chairperson Bertrand introduced this item and Ms. Paulson advised that the Eide Bailly representative would be delayed. At Ms. Paulson's request, Chairperson Bertrand deferred this item until the arrival of the Eide Bailly representative.

(3:13:28) Upon the arrival of Eide Bailly Engagement Shareholder Dan Carter, Chairperson Bertrand reopened this item. Mr. Carter reviewed the agenda materials. Mr. Carter and Ms. Paulson responded to questions of clarification. Chairperson Bertrand entertained additional questions or comments and, when none were forthcoming, thanked Mr. Carter for his presentation.

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6(B) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (3:05:59) - Chairperson Bertrand introduced this item. Moss-Adams LLP Partner Mark Steranka provided background information, reviewed the agenda materials, and responded to questions of clarification. Chairperson Bertrand entertained additional questions; however, none were forthcoming.

6(C) DISCUSSION REGARDING THE MONITORING, REVIEW AND CLOSURE OF INTERNAL AUDIT FINDINGS INCLUDED IN THE AUDIT FINDINGS TRACKING REPORT, AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS FOR CLOSURE OF COMPLETED PROJECTS (3:20:52) - Chairperson Bertrand introduced and provided an overview of this item. Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. In reference to Item No. 7, under the Community Facility Cost Recovery Study portion of the Tracking Report, Member Bagwell advised that the 1/8 cent project scheduled for 2017 is inaccurate. She explained that a Community Center Improvement Project was approved as part of the 1/8 cent sales tax “as a potential project but it will be the last project funded.” Member Bagwell requested that the description in the Remediation Plan section be corrected. She concurred that “there are times, even though an audit recommendation is something that should be looked at, it also has to be reasonable for implementation.” She suggested that consideration should be given to administratively closing “those that we just have no hope of achieving.”

Mr. Steranka responded to questions of clarification, and discussion ensued. Consensus of the committee was to remove the BOS Direction to Implement column from the tracking report. Moss-Adams LLP Manager Colleen Rozillis and Ms. Paulson responded to additional questions of clarification regarding the Employee Efficiency Study, and discussion ensued. Mr. Steranka responded to questions of clarification regarding the Internal Controls Review. Discussion took place to explain the validation process and regarding cash handling processes. Member Bagwell suggested providing the City Treasurer the opportunity to test procedures prior to closing the Internal Controls items.

Chairperson Bertrand entertained a motion to close the Community Facility Cost Recovery Study and the Employee Efficiency Study. **Member Mayhorn so moved with the revision to the verbiage, as recommended by Member Bagwell. Member Bagwell seconded the motion. Motion carried 5-0.**

Member Bagwell requested to forward item 41, in the Internal Controls Review section, to the Board of Supervisors with the IT Strategic Plan. Ms. Paulson and Ms. Rozillis responded to questions regarding the Policy and Procedures Review relative to the City’s elected officials.

Following discussion, Mr. Steranka suggested that Item No. 5, under the Employee Efficiency Study; Item No. 41, under the Internal Controls Review; and Item Nos. 22, 23, 24, 25, 27, and 28, under the Internal Controls Review, be validated relative to the policy. Chairperson Bertrand entertained a motion. **Member Byrne moved to validate the items listed in the Internal Control Review and the Employee Efficiency Study. Member Ferguson seconded the motion. Motion carried 5-0.** Chairperson Bertrand entertained public comment; however, none was forthcoming.

6(D) POSSIBLE ACTION TO APPROVE THE USE OF FY 17 INTERNAL AUDIT WORK PROGRAM CONTINGENCY FUNDS TO ENGAGE MOSS-ADAMS LLP TO PERFORM A REVIEW OF THE PUBLIC GUARDIAN ASSET LIQUIDATION PROCESS (3:56:34) - Chairperson Bertrand introduced this item. Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials, and responded to questions of clarification. Chairperson Bertrand entertained additional questions or

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comments and, when none were forthcoming, a motion. **Member Mayhorn moved to approve the use of FY 17 Internal Audit Work Program contingency funds to engage Moss-Adams to perform a review of the Public Guardian asset liquidation process. Member Bagwell seconded the motion.** Chairperson Bertrand entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.** Chairperson Bertrand entertained public comment; however, none was forthcoming.

6(E) PRESENTATION BY MOSS-ADAMS LLP ON THE SMALL WORKS PROJECTS REVIEW FOR THE AUDIT COMMITTEE'S CONSIDERATION; DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (4:03:19)- Chairperson Bertrand introduced this item, and Moss-Adams LLP Manager Colleen Rozillis reviewed the agenda materials. In response to a question, Public Works Department Director Darren Schulz advised that the Cartegraph replacement is budgeted. Mr. Schulz and Ms. Rozillis responded to additional questions of clarification, and discussion ensued.

Chairperson Bertrand entertained additional questions or comments and, when none were forthcoming, public comments. When no public comments were forthcoming, Moss-Adams LLP Partner Mark Steranka discussed the benefits of PolicyTech. Chairperson Bertrand entertained a motion. **Member Bagwell moved to approve the audit presented on Small Works Projects. Member Byrne seconded the motion. Motion carried 5-0.**

7. PUBLIC COMMENT (4:18:18) - Chairperson Bertrand entertained public comment; however, none was forthcoming. Following a brief discussion, consensus of the committee was to schedule the next meeting for 2:00 p.m. on Tuesday, May 9th.

8. ACTION TO ADJOURN (4:22:38) - Chairperson Bertrand entertained a motion to adjourn. **Member Bagwell so moved. The motion was seconded and carried unanimously.**

The Minutes of the February 14, 2017 Carson City Audit Committee are so approved this 9th day of May, 2017.

MICHAEL BERTRAND, Chair