

CARSON CITY AUDIT COMMITTEE

Minutes of the May 9, 2017 Meeting

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A regular meeting of the Carson City Audit Committee was scheduled for 2:00 p.m. on Tuesday, May 9, 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: Nick Marano, City Manager
Nancy Paulson, Chief Financial Officer
Sheri Russell, Deputy 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 (2:00:48) - Chairperson Bertrand called the meeting to order at 2:00 p.m. Ms. King called the roll; a quorum was present. Member Ferguson arrived at approximately 2:05 p.m.

3. PUBLIC COMMENTS AND DISCUSSION (2:01:07) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - February 14, 2017 (2:01:40) - Chairperson Bertrand entertained a motion to approve the minutes. **Member Mayhorn moved to approve the minutes. Member Bagwell seconded the motion. Motion carried 4-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (2:01:59) - Chairperson Bertrand entertained a motion to adopt the agenda. **Member Byrne moved to adopt the agenda. Member Bagwell seconded the motion. Motion carried 4-0.**

6. MEETING ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (2:02:18) - Chairperson Bertrand introduced this item, and Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. Following a brief discussion, Chairperson Bertrand closed this item.

6(B) DISCUSSION AND POSSIBLE ACTION 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 (2:04:18) - Chairperson Bertrand introduced and provided an overview of

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this item. Moss-Adams LLP Partner Mark Steranka advised that, since the last committee meeting, the Community Facility Cost Recovery Study was closed out and fully archived. Mr. Steranka reviewed the Audit Findings Tracking Summary Report, which was included in the agenda materials. [Member Ferguson arrived at approximately 2:05 p.m.]

Ms. Paulson introduced and presented a cash training video, produced by the Treasurer's Office. Chairperson Bertrand commended the video. In response to a question from the previous meeting, Ms. Paulson advised that for FY 2016, "there was approximately \$500 ... out of a \$150 million budget" in the "cash over and short account." Ms. Steranka commented that Carson City is the first of the Moss-Adams LLP clients to have developed and produced a cash handling training video. Ms. Paulson acknowledged that the training video can be added to PolicyTech.

Chairperson Bertrand entertained questions or comments and, when none were forthcoming, a motion. **Member Byrne moved to close the Employee Efficiency Study. Member Ferguson 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 discussion on the Internal Controls Review portion of the Audit Findings Tracking Summary Report. Ms. Paulson responded to questions regarding the status of documenting key processes. Chairperson Bertrand entertained a motion. **Member Bagwell moved to close all items in the Internal Controls Review except for 22 and 32. Member Byrne seconded the motion.** Chairperson Bertrand entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

Discussion took place regarding the Policy and Procedures Review, and Chairperson Bertrand entertained a motion. **Member Bagwell moved to close item 5 on Policy and Procedures Review, with an update in the Status Comments to indicate that, when a chapter is brought for review before the Board of Supervisors, this action will be implemented at that time. Member Byrne seconded the motion.** Chairperson Bertrand called for a vote on the pending motion. **Motion carried 5-0.**

Chairperson Bertrand entertained public comment; however, none was forthcoming.

6(C) PRESENTATION BY MOSS-ADAMS LLP ON THE REVIEW OF THE PUBLIC GUARDIAN ASSET LIQUIDATION PROCESS FOR THE AUDIT COMMITTEE'S CONSIDERATION; DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATION TO THE BOARD OF SUPERVISORS (2:30:42) - Chairperson Bertrand introduced this item, and Moss-Adams LLP Manager Colleen Rozillis provided background information. Ms. Rozillis noted "no compliance findings" as part of the review. "In part, that is because of the way that guardianship is assigned to the Public Guardian in Carson City. In the court order language, it states specifically that certain parts of Nevada state law related to asset disposition, appraisals, advertisement, things like that, are not required. Nevada state law says if the ward has assets under \$5,000, they don't have to do those things. And then for some, under \$10,000, they don't have to do those things. In practice, in Carson City, the court system says if you take guardianship of a ward who has assets of pretty much any value, except for a house, you can go ahead and dispose of them in the most efficient way possible. You don't necessarily have to follow these steps which is why we don't have any compliance findings. We do have a lot of process improvement findings."

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Ms. Rozillis reviewed the agenda materials, and responded to questions of clarification. (2:37:01) Carson Rural Elder Law Program Attorney Laura Miles introduced herself, and provided an overview of her experience and responsibilities. In response to a question, Ms. Miles reviewed the process associated with initially inventorying a ward's assets. Ms. Rozillis and Ms. Miles responded to questions of clarification.

(2:40:23) Moss-Adams LLP Lead Analyst Tammy Lohr reviewed that portion of the Final Report entitled "Current Asset Disposition Process." Ms. Lohr, Mr. Steranka, Ms. Rozillis, Ms. Paulson, Ms. Miles, and Public Guardian Deborah Marzoline responded to questions of clarification, and extensive discussion followed.

Ms. Rozillis advised of having researched "a number of other counties as part of the best practice research that informed the report. ... so the annual report is obviously a best practice that a number of counties do ... You also have implementation built into the Audit Committee process that will help. The staff report to the Board likely should designate some additional oversight for whatever period of time, either continually or until these findings are closed. We did find, in other counties, that the public guardian will often have a dotted line relationship to the City Manager. So, as part of taking this report to the Board of Supervisors, ... staff could recommend that the City Manager oversee public guardian activities or provide consultation on certain actions for a certain period of time. And that would be totally in line with what other counties do."

Chairperson Bertrand entertained additional questions or comments. In response to a question, Ms. Miles reviewed costs for a flat-bed, feed scanner. Ms. Rozillis advised that Moss-Adams' recommendations "were to use the lowest cost, lowest complicated version of technology possible. We wanted to make sure that it could be implemented as quickly and painlessly as possible. So, all you need is a scanner and someone to set up just a standard document structure for each ward in the file system. That's all it takes." In response to a question, Ms. Rozillis advised that the cost would be associated with "the staff time of scanning the existing files. And so if volunteers would be leveraged for that, that would be of no cost to the City. But that's really the biggest chunk here."

Chairperson Bertrand entertained public comment and, when none was forthcoming, a motion. Following a brief discussion, Member Bagwell moved to accept the audit and all recommendations, with direction that a quarterly update be provided to the Board of Supervisors. Motion died for lack of a second. In response to a question, Member Bagwell explained the intent of her motion for a policy to be developed. "I don't think it's for this [committee] to say whom the Board of Supervisors is going to select."

Discussion took place regarding the time needed to develop a policy. Ms. Rozillis explained that policy development begins with the current practice. "And then you, as a [committee] take a look at that current practice and say, 'Does this pass my smell test?' And then you might change some of the information, some of the dollar amount thresholds, time limits that are in current practice. And that's how you would come to your policy. So getting that base policy together as a draft to bring to the Board shouldn't take a significant amount of time." Mr. Steranka suggested a 60 to 90-day time period "because ... the biggest part that you have to consider is ... two things. There's the taking care of the wards and I think that's in good hands. And then there's ... administering the office ... When you deal with the policy, ... you want to keep it simple but you also want to keep it flexible. We don't want to make it too rigid for them that suddenly they're boxed in and so that's going to take some consideration as what's the right ... balance there." Extensive discussion followed, and Chairperson Bertrand entertained a motion. **Member Bagwell**

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moved to approve the audit submitted by Moss-Adams LLP for the Public Guardian, and that a quarterly report be accepted on the recommendation instead of the annual, and that the City Manager will bring back a proposed implementation and policy within 90 days. Member Byrne seconded the motion. Chairperson Bertrand entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

6(D) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF TO INITIATE THE REQUEST FOR PROPOSAL PROCESS FOR INTERNAL AUDIT SERVICES TO BE RECOMMENDED TO THE BOARD OF SUPERVISORS FOR FY 2018 (3:34:04) - Chairperson Bertrand introduced and provided background information on this item. Following discussion, Chairperson Bertrand entertained a motion. **Member Mayhorn moved to direct staff to amend the existing contract for Moss-Adams LLP for FY 18, and for an RFP process to be created for FY 19. Member Byrne seconded the motion.** Following direction from Ms. Fralick, **Member Mayhorn withdrew his motion. Member Mayhorn moved to direct that the committee and staff will begin working on a RFP for FY 19. Member Byrne seconded the motion.** Chairperson Bertrand entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

Following a brief discussion, consensus of the committee was to schedule the next meeting for Wednesday, July 12th at 2:00 p.m. Mr. Steranka reviewed the tentative agenda.

7. PUBLIC COMMENT (3:48:36) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (3:48:43) - Member Byrne moved to adjourn the meeting at 3:48 p.m. Member Ferguson seconded the motion. Motion carried 5-0.

The Minutes of the May 9, 2017 Carson City Audit Committee meeting are so approved this 3rd day of October, 2017.

MICHAEL BERTRAND, Chair