

CARSON CITY AUDIT COMMITTEE

Minutes of the July 12, 2017 Meeting

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A regular meeting of the Carson City Audit Committee was scheduled for 2:00 p.m. on Wednesday, July 12, 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
Tamar Warren, 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 Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (2:04:17) - Chairperson Bertrand called the meeting to order at 2:04 p.m. Ms. Warren called the roll; a quorum was present.

3. PUBLIC COMMENTS AND DISCUSSION (2:04:38) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 9, 2017 (2:05:21) - Chairperson Bertrand introduced this item. In response to a question, Ms. Fralick advised that the item would have to be deferred to the next meeting due to an agenda error.

5. POSSIBLE ACTION ON ADOPTION OF AGENDA

6. MEETING ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (2:06:21) - Chairperson Bertrand introduced this item, and Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. Chairperson Bertrand requested to include a report on the performance measures "at least every quarter." Mr. Steranka expressed a willingness to do so, but advised "we won't be able to provide insights as to the drivers of the performance, whether it's on track, off track ... You might want staff to give that report." Following a brief discussion, Mr. Steranka suggested agendaizing the item and then reviewing the dashboard on the City's website in real time. Chairperson Bertrand entertained discussion of the committee members; however, none was forthcoming. No formal action was taken.

6(B) DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS, BASED ON THE PRESENTATION BY MOSS-ADAMS LLP REPRESENTATIVES, REGARDING REVIEW OF THE INTERNAL CONTROLS OVER PURCHASING AND ACCOUNTS PAYABLE (2:12:14) - Chairperson Bertrand introduced this item, and Moss-Adams LLP Partner Mark Steranka introduced Moss-Adams LLP Manager Scilla Outcault. Ms. Outcault reviewed the agenda materials. Ms. Outcault, Ms. Paulson, and Purchasing and Contracts

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Administrator Laura Rader responded to questions of clarification throughout the presentation, and extensive discussion followed. Member Ferguson suggested hiring an accounts payable audit firm, explained the accounts payable audit process, and suggested the possibility of cost recovery.

Chairperson Bertrand entertained additional comments or questions and, when none were forthcoming, thanked Ms. Outcault for her presentation. Chairperson Bertrand expressed appreciation for the report format. In response to a question, Ms. Paulson advised of having discussed with Ms. Outcault ways to improve the processes. She suggested putting the internal controls over purchasing and accounts payable on the tracking form. Discussion took place regarding methods by which to address conflicts of interest. No formal action was taken.

6(C) DISCUSSION AND POSSIBLE ACTION TO IDENTIFY, DISCUSS, AND PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS ON PROJECTS TO BE PERFORMED BY THE INTERNAL AUDITOR FOR THE PERIOD ENDING JUNE 30, 2018 (3:11:32) - Chairperson Bertrand introduced this item, and Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. Mr. Steranka and Ms. Outcault responded to questions of clarification, and extensive discussion ensued.

Chairperson Bertrand entertained a motion. **Member Mayhorn moved to accept the plan, with the following changes: removal of item 1; increase of item 2 to \$30,000; reduction of item 3 to \$30,000; increase of item 7 to \$15,000; removal of 9; removal of 10; and addition of IT security review for \$10,000. 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 suggested, as a future agenda item, considering a recommendation to increase the internal audit budget. He entertained public comment on this item; however, none was forthcoming.

6(D) DISCUSSION AND POSSIBLE ACTION ON THE REQUIREMENTS AND PROCESS FOR ELECTION OF OFFICERS AND POSSIBLE NOMINATION AND ELECTION OF AUDIT COMMITTEE CHAIR AND VICE CHAIR (3:49:14) - Chairperson Bertrand introduced this item, and entertained nominations for chair. Ms. Fralick responded to questions of clarification regarding the term. Member Bagwell nominated Member Ferguson for chair. Member Mayhorn seconded the nomination. Chairperson Bertrand entertained additional nominations and, when none were forthcoming, called for a vote on the pending nomination. Nomination carried unanimously. Chairperson Bertrand entertained nominations for vice chair. Member Bagwell nominated Michael Bertrand for vice chair. Chairperson-elect Ferguson seconded the nomination. Nomination carried unanimously. Chairperson Bertrand passed the gavel to Chairperson-elect Ferguson.

Following discussion, consensus of the committee was to schedule the next meeting for Tuesday, October 3rd at 2:00 p.m.

7. PUBLIC COMMENT (3:54:31) - Chairperson-elect Ferguson entertained public comment; however, none was forthcoming.

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8. ACTION TO ADJOURN (3:54:41) - Chairperson-elect Ferguson adjourned the meeting at 3:54 p.m.

The Minutes of the July 12, 2017 Carson City Audit Committee meeting are so approved this 3rd day of October, 2017.

MICHAEL BERTRAND, Chair