

CARSON CITY AUDIT COMMITTEE
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A regular meeting of the Carson City Audit Committee was scheduled for 2:00 p.m. on Tuesday, October 3, 2017 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

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

STAFF: Nancy Paulson, Deputy City Manager
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 Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (2:02:34) - Chairperson Ferguson called the meeting to order at 2:02 p.m. Ms. King called the roll; a quorum was present. Member Mayhorn was absent.

3. PUBLIC COMMENTS AND DISCUSSION (2:02:57) - Chairperson Ferguson entertained public comment; however, none was forthcoming. Chairperson Ferguson noted that there were no public citizens in the meeting room and that he would dispense with requesting public comment after each agenda item unless and until other citizens arrived.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 9, 2017 and July 12, 2017 (2:03:52) - Chairperson Ferguson introduced this item, and entertained a motion. **Member Bagwell moved to approve the May 9, 2017 and July 12, 2017 minutes, as presented. Member Byrne seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (2:04:56) - Chairperson Ferguson introduced this item and entertained modifications to the agenda. When no requests to modify the agenda were forthcoming, Chairperson Ferguson entertained a motion. **Member Bagwell moved to adopt the agenda, as presented. Member Byrne seconded the motion. Motion carried 4-0.**

6. PUBLIC MEETING ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (2:05:38) - Chairperson Ferguson introduced this item. Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials, and responded to questions of clarification. Chairperson Ferguson entertained additional questions; however, none were forthcoming. He thanked Mr. Steranka for the update. Consensus of the committee was that no formal action was necessary.

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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 (2:13:16) - Chairperson Ferguson introduced this item, and Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. Ms. Paulson provided additional clarification, and entertained questions. Member Bagwell suggested closing the Policy and Procedures Review audit. "... it deals with the revision of our Municipal Code and shifting elements from the Code ... into policy. And this is an ongoing process that, really, the Board of Supervisors ... controls. It's really not going to come from this process. We are working with our D.A.'s Office to look at all of our ordinances as time permits and then re-writing that whole section. So, since this one is really ... long-term, ongoing, I'm not finding it as truly an audit exception. It's just a general recommendation for good practice. And so I don't see any reason to maintain this on an audit exception."

Vice Chairperson Bertrand agreed and moved to close the Policy and Procedures Review audit. Member Bagwell seconded the motion. Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

Discussion took place regarding the report format and making the audits more accessible to the public; the status of the Small Works Projects Review; and the status of the Public Guardian Review. **Member Bagwell moved that all of the remaining items that were marked as completed, with a "yes" and highlighted in yellow in the report, be approved as indicated on the status report, with the exception, on the Public Guardian Review, of adding that they need validation. Vice Chairperson Bertrand seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

6(C) DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS, BASED ON THE PRESENTATION BY MOSS-ADAMS LLP REPRESENTATIVES ON THE REVIEW OF INTERNAL CONTROLS OVER INFORMATION TECHNOLOGY (2:39:46) - Chairperson Ferguson introduced this item, and Moss-Adams LLP Manager Scilla Outcault reviewed the agenda materials. Ms. Outcault, Chief Information Officer Eric Von Schimmelmann, and Moss-Adams LLP Partner Mark Steranka responded to questions of clarification, and extensive discussion followed.

In response to a question, Member Bagwell summarized a portion of the discussion to indicate that the committee is interested in a process change to include management responses to the reports. Consensus of the committee was that no formal action was necessary.

Ms. Outcault responded to additional questions of clarification, and additional discussion followed. Chairperson Ferguson entertained a motion. **Member Bagwell moved to accept the audit on the internal controls of IT, as submitted by Moss-Adams LLP, and recommend it to the Board of Supervisors. Member Byrne seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

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6(D) POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE CARSON CITY AUDIT COMMITTEE (3:42:46) - Chairperson Ferguson introduced this item. Following discussion, consensus of the committee, staff, and consultants was to schedule the next meeting for 2:00 p.m. on Tuesday, January 9, 2018.

7. PUBLIC COMMENT (3:45:20) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (3:45:27) - Chairperson Ferguson adjourned the meeting at 3:45 p.m.

The Minutes of the October 3, 2017 Carson City Audit Committee meeting are so approved this 28th day of February, 2018.

STEPHEN FERGUSON, Chair