

CARSON CITY AUDIT COMMITTEE
Minutes of the June 12, 2018 Meeting
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A meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, June 12, 2018 in the Permit Center Conference Room, 108 East Proctor Street, Carson City, Nevada.

PRESENT: Chairperson Stephen Ferguson
Vice Chairperson Michael Bertrand
Member Lori Bagwell
Member Ernie Mayhorn
Member Betsy Strasburg

STAFF: Nancy Paulson, City Manager
Adriana Fralick, Deputy City Manager
Dan Yu, 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 (3:01:22) - Chairperson Ferguson called the meeting to order at 3:01 p.m. Ms. King called the roll; a quorum was present.

3. PUBLIC COMMENT (3:01:48) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 10, 2018 (3:02:15) - Chairperson Ferguson introduced this item, and entertained a motion. **Member Strasburg moved to approve the minutes. Member Mayhorn seconded the motion. Motion carried 5-0.**

5. POSSIBLE ACTION TO ADOPT THE AGENDA (3:02:37) - Chairperson Ferguson entertained modifications to the agenda and, when none were forthcoming, deemed it adopted as published.

6. PUBLIC MEETING ITEMS:

6(A) PRESENTATION OF THE INTERNAL AUDIT STATUS REPORT (3:02:49) - Chairperson Ferguson introduced this item. Moss Adams LLP Partner Mark Steranka presented the report, which was included in the agenda materials, and responded to questions of clarification.

6(B) DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS BASED ON THE PRESENTATION BY MOSS ADAMS LLP ON THE REVIEW OF INTERNAL CONTROLS OVER GRANTS MANAGEMENT AND ADMINISTRATION (3:04:57) - Chairperson Ferguson introduced this item, and Moss Adams LLP Partner Mark Steranka presented the agenda materials. Mr. Steranka and Grants Coordinator Ana Jimenez responded to questions of clarification, and discussion followed. Chairperson Ferguson entertained additional questions or comments and, when none were forthcoming, Member Bagwell commended City staff on the improved procedures. Chairperson Ferguson entertained a motion. **Member Mayhorn moved to accept the Grants Management and Administration Internal**

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Controls Review report from Moss-Adams LLP. Member Bagwell seconded the motion. Motion carried 5-0.

6(C) POSSIBLE ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS APPROVAL OF THE REVIEW AND SELECTION COMMITTEE'S RECOMMENDATION FOR CONTRACT AWARD TO EIDE BAILLY LLP FOR CARSON CITY INTERNAL AUDIT SERVICES FOR FY 2019 WITH TWO (2) ONE-YEAR OPTIONS TO RENEW (3:12:25) - Chairperson Ferguson introduced this item, and entertained disclosures. Member Bagwell read a prepared disclosure statement into the record, advising of a disqualifying conflict of interest and that she would abstain from discussion and action. Ms. Paulson presented the agenda materials. Ms. Paulson and Eide Bailly Partner Dan Carter responded to questions of clarification. At Chairperson Ferguson's request, Ms. Paulson reviewed the request for statement of qualifications process. Extensive discussion followed. Vice Chairperson Bertrand thanked Mr. Steranka for his work over the last several years. Chairperson Ferguson also thanked Mr. Steranka, and looks forward to working with Mr. Carter.

Chairperson Ferguson entertained additional questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Bertrand moved to approve Eide Bailly as the internal auditors.** Member Strasburg advised that she would abstain "because I just don't feel I have all of the information ... to make a vote on this." In response to a question, Member Strasburg stated, "... there's too much change and I don't understand why the various changes were made. ... It seems to me like we're doing a rubber-stamp approval and that's what makes me uncomfortable ..." Mr. Yu strongly advised Member Strasburg to cast a vote as part of a statutory obligation, as an appointed official. Chairperson Ferguson explained that "as committee members, we're relying on judgment of the City, in their procurement process, to decide. ... we're basically saying we agree with the selection, based on the criteria that they might throw at us ... certifications, proximity, experience in Nevada, cause and considerations, travel considerations. So there were a bunch of issues tied into this that the City went through the process and made this recommendation. We're up against a time line here. In response to a comment, Member Strasburg expressed agreement "with prior discussions that we change the process. I just don't feel I have everything that I need to make a vote, but if it is urgent to do it today because of statutory reasons but ... with objection ..." Chairperson Ferguson called for a second on the pending motion. **Member Mayhorn seconded the motion.** Chairperson Ferguson called for a vote. **Motion carried 3-1-1.**

7. PUBLIC COMMENT (3:29:08) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (3:32:54) - Following a brief discussion, consensus of the committee was to schedule the next meeting for 4:00 p.m. on Wednesday, July 18th. Chairperson Ferguson adjourned the meeting at 3:32 p.m.

The Minutes of the June 12, 2018 Carson City Audit Committee meeting are so approved this 31st day of July, 2018.

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STEPHEN FERGUSON, Chair