

CARSON CITY AUDIT COMMITTEE
Minutes of the September 9, 2019 Meeting
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A regular meeting of the Carson City Audit Committee was scheduled for 1:00 p.m. on Monday, September 9, 2019 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 Ernie Mayhorn

STAFF: Sheri Russell, Chief Financial Officer
Todd Reese, Deputy District Attorney
Tamar Warren, Council and Commission Reporter

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 (1:05:00) - Chairperson Ferguson called the meeting to order at 1:05 p.m. Ms. Warren called the roll; a quorum was present.

3. PUBLIC COMMENTS AND DISCUSSION (1:05:25) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 9, 2019 (1:06:00) - Chairperson Ferguson introduced this item, and entertained a motion. **Member Mayhorn moved to accept the minutes. Member Bagwell seconded the motion. Motion carried 4-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (1:06:24) - Chairperson Ferguson entertained modifications to the agenda; however, none were forthcoming.

6. PUBLIC MEETING ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION REGARDING THE MONITORING, REVIEW, AND CLOSURE OF INTERNAL AUDIT FINDINGS AND / OR RECOMMENDATIONS INCLUDED IN THE AUDIT FINDINGS TRACKING REPORT, AND TO PROVIDE A RECOMMENDATION TO THE BOARD OF SUPERVISORS TO CLOSE COMPLETED FINDINGS AND / OR RECOMMENDATIONS (1:06:36) - Chairperson Ferguson introduced this item, and Ms. Russell presented the agenda materials. In response to a question, Fire Chief Sean Slamon explained normal daily staffing for three shifts at the Fire Department. He provided background information on decreased staffing levels in the summer of 2018 which contributed to overtime costs. He discussed the hiring process for firefighters which Fire Department staff is currently working on with Human Resources Department staff. He explained that "in the long run, it is less expensive to operate in an overtime world than it is to bring extra bodies on but there are a couple things that tie to that. One is the health of the organization and, if you work your firefighters too often, ... their leave time is going to increase. Your burnout increases. A 56-hour work week is obviously 16 hours more than a normal person's work week. So that, and additional overtime on top of that, you're looking at firefighters on the average, some of them working 72-plus hours per week. That short-term is okay. Long-term, you have to look into the health and welfare of the firefighter themselves and ..., from a fiscal point of view, how

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much does that cost if they have mental health issues, if they have increased sick leave, if we know when they are tired and are still doing a physically demanding job, their risk of injury increases which now causes another vacancy as they are off healing and recuperating. So there's a trickle effect to that that would ... be extremely difficult to put a factual number to. But I would look at our organization and say ... our overtime is a little high and one of the reasons or the driving reasons is lack of extra personnel to cover those shifts. ... As a fire chief, I'm very concerned, both fiscally but, more importantly, about the health and welfare of my firefighters." Chief Slamon discussed the FEMA SAFER grant and the criteria for applying. Chief Slamon and Ms. Russell responded to questions of clarification, and discussion followed.

In response to a question, Human Resources Department Director Melanie Bruketta explained the IFC process relative to the temporary staffing audit. Ms. Bruketta, Ms. Russell, and Mr. Reese responded to corresponding questions of clarification.

Chairperson Ferguson entertained additional questions or comments and, when none were forthcoming, a motion. **Member Mayhorn moved to close items 3, 4, and 5 on the Temporary Staffing Audit, and items 1 and 2 on the Fire Department Overtime Hours Audit, as discussed on the record. Member Bagwell seconded the motion. Motion carried 4-0.**

6(B) UPDATE AND DISCUSSION ON THE SELECTED AGREED-UPON PROCEDURES PERFORMED BY EIDE BAILLY REGARDING THE SOCIAL MEDIA POLICY CREATION AND THE FEE STRUCTURE REVIEW (1:43:36) - Chairperson Ferguson introduced this item, and Ms. Russell introduced Eide Bailly Partner Dan Carter and Senior Manager Audrey Donovan. Mr. Carter advised that he would soon be leaving Eide Bailly, and that he and Ms. Donovan have been working together to develop the audit plans. Mr. Carter introduced Eide Bailly Audit Partner Joe Aguilar and advised he would be available on an as-needed basis. Ms. Donovan and Mr. Aguilar introduced themselves, for the record, and each provided an overview of their experience.

Ms. Donovan provided an update on the Citywide Social Media and the Citywide Fee Structure Audits, and responded to questions. Extensive discussion followed. Ms. Donovan provided an update on the Fraud, Waste, and Abuse Hotline. Chairperson Ferguson thanked Ms. Donovan for her presentation.

6(C) DISCUSSION AND POSSIBLE ACTION REGARDING PROJECTS TO BE PERFORMED BY THE INTERNAL AUDITOR FOR THE PERIOD ENDING JUNE 30, 2020, AND RECOMMENDING TO THE BOARD OF SUPERVISORS MOVING FORWARD WITH THE IDENTIFIED FY 20 AUDIT WORK PROGRAM (2:03:49) - Chairperson Ferguson introduced this item, and Ms. Russell presented the agenda materials. Extensive discussion took place to prioritize the audit projects. At Chairperson Ferguson's request, Eide Bailly Senior Manager Audrey Donovan reviewed the list of proposed internal audits in consideration of the available budget. Ms. Donovan, Mr. Carter, and Ms. Russell responded to questions of clarification, and additional discussion followed.

Chairperson Ferguson entertained public comment and, when none was forthcoming, a motion. **Member Bagwell moved approval of the 2019 Risk Assessment; Citywide Budget Monitoring; Social Media Audit; Fee Structure; Accounts Receivable; P-Card; HR Administration of the Employee Group Insurance; Cash Handling Audit; and Follow-Up for the work program. Member Mayhorn seconded the motion. Motion carried 4-0.**

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6(D) DISCUSSION AND POSSIBLE ACTION REGARDING THE REVIEW OF AGREED-UPON PROCEDURES ESTABLISHED BY EIDE BAILLY AND STAFF REGARDING THE FY 20 AUDIT WORK PROGRAM (2:27:02) - Chairperson Ferguson introduced this item, and Eide Bailly Senior Manager Audrey Donovan presented the agenda materials. Ms. Russell and Ms. Donovan responded to questions, and discussion followed. Chairperson Ferguson entertained additional committee member questions or comments and public comments and, when none were forthcoming, a motion. **Member Bagwell moved to direct Eide Bailly and staff to proceed with the agreed-upon procedures, as discussed on the record. Member Mayhorn seconded the motion. Motion carried 4-0.**

6(E) DISCUSSION REGARDING DATES FOR THE NEXT MEETING OF THE AUDIT COMMITTEE (2:34:27) - Chairperson Ferguson introduced this item, and discussion took place regarding the next meeting. Consensus of the committee was to schedule the next meeting for 1:00 p.m. on Monday, January 6th.

7. PUBLIC COMMENT (2:36:40) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (2:36:57) - Chairperson Ferguson thanked staff and the auditors. He thanked Dan Carter for his service to the City. Chairperson Ferguson adjourned the meeting at 2:37 p.m.

The Minutes of the September 9, 2019 Carson City Audit Committee are so approved this 6th day of January, 2020.

STEPHEN FERGUSON, Chair