

**CARSON CITY AUDIT COMMITTEE**  
**Minutes of the December 16, 2008 Meeting**  
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A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, December 16, 2008 in the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada.

**PRESENT:** Chairperson Richard Staub  
Vice Chairperson Ken Brown  
Joe Eiben  
Pete Livermore  
Nick Providenti

**STAFF:** Melanie Bruketta, Chief Deputy District Attorney  
Kathleen King, Recording Secretary

**NOTE:** A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are public record. These materials are on file in the Clerk-Recorder's Office, and available for review during regular business hours.

**1. CALL TO ORDER AND DETERMINATION OF QUORUM (1-0008)** - Chairperson Staub called the meeting to order at 3:06 p.m. Roll was called; a quorum was present.

**2. ACTION ON APPROVAL OF MINUTES (1-0015)** - None.

**3. DISCUSSION AND POSSIBLE ACTION REGARDING THE CURRENT STATUS OF ONGOING AUDITS AND OTHER ACTIVITIES OF THE CITY AUDITOR (1-0017)** - Chairperson Staub deferred to the most recent report as to the status of ongoing audits. He noted that the draft audit report for the redevelopment authority / office of business development was scheduled to be presented to the Board of Supervisors at their December 18<sup>th</sup> meeting.

**4. DISCUSSION AND POSSIBLE ACTION REGARDING THE POSITION OF THE CITY AUDITOR; POSSIBLE ACTION TO RECOMMEND OPTIONS REGARDING HOW THIS FUNCTION MIGHT BE ACCOMPLISHED IN THE FUTURE, INCLUDING APPROPRIATE FUNDING, TO THE BOARD OF SUPERVISORS (1-0028)** - Chairperson Staub introduced this item, discussed the purpose for agendaizing it, and advised that the Board of Supervisors will consider this matter. He referred to the District Attorney's legal opinion, copies of which were distributed to the committee members and staff prior to the start of the meeting, and noted the options listed therein. Extensive discussion took place regarding costs associated with hiring an auditor on a contract basis.

Chairperson Staub discussed Mr. Werner and Mayor-elect Crowell's opinions on appropriate costs for the City's audit function. He noted that funding the position will be the decision of the Board of Supervisors. He suggested that the committee develop an audit plan in December or January of each year which could become the basis for a request for proposals process. He noted the committee's function to develop an annual audit plan, based on previous goals and accomplishments. He expressed a preference to hire a contract auditor with a \$60,000 annual budget "for right now." He noted that only 30 percent of this year's audit plan had been accomplished.

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Member Livermore advised of having discussed potential costs with Mr. Werner, who indicated a willingness to recommend \$80,000. Chairperson Staub suggested considering the former city auditor's hours based on last year's audit plan, and requesting the Board of Supervisors to decide the audit priorities. Member Eiben recommended auditing one department at a time. Discussion took place regarding the incomplete projects listed in the current audit plan. Vice Chairperson Brown expressed agreement with requesting the Board of Supervisors to prioritize audits. He discussed efficiencies associated with conducting two or three audits at one time, noting that such a work load shouldn't be overwhelming.

Chairperson Staub reiterated the suggestion for the committee to review the audit manual, develop the audit plan for the next calendar year and, in turn, develop a request for proposals. He further suggested that the request for proposals may determine the amount of funding to be allocated to the contract. Member Livermore discussed the need for clerical staff to support the auditor's position. Member Providenti noted that support staff would be included with a contract auditor. Following additional discussion, consensus of the committee was that a contract auditor would be in the City's best interests. **Member Eiben so moved. Vice Chairperson Brown seconded the motion.**

Chairperson Staub reiterated the suggestion for the committee to develop an annual audit plan which, in turn, would inform the request for proposal process to be submitted on an annual basis. Discussion followed regarding the appropriate action, and Chairperson Staub suggested submitting the contract to the request for proposal process on an annual basis, based upon the audit committee's development of the annual audit plan; funding to be determined by the results of the request for proposal process, including City staff support. Chairperson Staub suggested a motion to recommend funding to the Board of Supervisors based upon an annual audit plan developed by the audit committee which shall be a part of an annual request for proposals to prospective vendors, provided further that this committee shall request the City Manager to identify appropriate staff support for that function. **Member Livermore so moved. Vice Chairperson Brown seconded the motion.** Member Eiben requested to amend the motion to indicate a vendor possessing appropriate certification. **Member Livermore so amended his motion. Vice Chairperson Brown continued his second. Motion carried 5-0.**

**5. DISCUSSION AND ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS AMENDMENTS TO THE CURRENT MEMBERSHIP OF THE AUDIT COMMITTEE, CHANGING THE SEAT WHICH WAS HELD BY A MEMBER OF THE BOARD OF SUPERVISORS AND THE SEAT HELD BY THE CITY FINANCE DIRECTOR TO SEATS REQUIRING OTHER SPECIALITIES OR TO PUBLIC CITIZEN-AT-LARGE SEATS, AND OTHER MATTERS PROPERLY RELATED THERETO (1-0410)** - Chairperson Staub introduced and provided background information on this item. Member Providenti expressed agreement with the Finance Department Director serving as a non-voting advisor to the committee. Consensus of the committee was that a decision had already been made to recommend to the Board of Supervisors that the Finance Department Director be removed as a voting committee member, and to allow the City Manager to appoint an advisory, non-voting member which may be the Finance Department Director.

Chairperson Staub advised of discussion at the last Board of Supervisors meeting with regard to whether this committee should include two Board of Supervisors members. He advised of having given the matter due consideration, and expressed the opinion that the committee should have two Board of Supervisors members because of the auditor's direct report to the Board of Supervisors "and no one else." He expressed the further opinion that having two elected Board of Supervisors members will foster more "consistency

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and ... support from the Board of Supervisors ...” Extensive discussion followed, and consensus of the committee was to continue to have two Board of Supervisors members on the committee. Chairperson Staub recommended a motion to leave the two Board of Supervisors members on the committee, and to replace the Finance Department Director with a citizen-at-large position. **Member Eiben so moved. Member Providenti seconded the motion. Motion carried 5-0.**

**6. DISCUSSION AND ACTION TO ELECT A NEW COMMITTEE CHAIRMAN, AND OTHER MATTERS PROPERLY RELATED THERETO** (1-0600) - Chairperson Staub entertained nominations for chair. **Vice Chairperson Brown nominated Member Livermore for chair. Member Eiben seconded the nomination.** Chairperson Staub entertained additional nominations and, when none were forthcoming, a vote on the pending nomination. **Nomination carried 5-0.**

**7. DISCUSSION AND POSSIBLE ACTION TO SCHEDULE THE NEXT AUDIT COMMITTEE MEETING** (1-0617) - Chairperson Staub suggested returning to the regular meeting schedule on the second Tuesday of each month, and the committee members concurred. Following discussion, consensus of the committee was to schedule the next meeting for 3:00 p.m. on Tuesday, February 10<sup>th</sup>.

**8. FUTURE AGENDA ITEMS** (1-0652) - Discussion took place regarding the method by which the current audit work plan was developed. Vice Chairperson Brown suggested that the redevelopment authority / office of business development audit should remain on the work plan to ensure compliance. He suggested considering each department’s “source and use of funds to determine areas ... of large expenditures.” Chairperson Staub suggested requesting Chairperson-elect Livermore to meet with Mr. Werner and Mr. Providenti to develop a list of priorities. Chairperson Staub further suggested that the audit committee assist staff in consideration of reorganizing City functions and departments. He reiterated the suggestion to request Chairperson-elect Livermore to meet with Mr. Werner and Mr. Providenti to review the status of last year’s audit work plan and develop priorities. Member Eiben suggested requesting Mayor-elect Crowell to participate in the meeting. Chairperson-elect Livermore noted that former city auditor Sue Johnson provided a great deal of detail in development of last year’s audit work plan. He agreed with updating the audit work plan, and suggested there was sufficient information to schedule the February committee meeting. He suggested considering finalization of the audit work plan for the meeting following the February meeting, and developing requests for proposals to hire an auditor. In response to a comment, he noted the travel and training policy listed in the audit work plan which had yet to be finalized.

Following additional discussion, consensus of the committee was to prioritize filling vacant committee positions; agenda reconstruction of the audit plan; and consider developing requests for proposal for a contract auditor. Discussion took place with regard to this committee conducting auditor interviews and providing a recommendation to the Board of Supervisors. Ms. Bruketta suggested first getting direction from the Board of Supervisors.

**9. PUBLIC COMMENT ON NON-AGENDIZED ITEMS** - None.

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**10. ACTION ON ADJOURNMENT** (1-0828) - Chairperson-elect Livermore moved to adjourn the meeting at 3:51 p.m. Member Eiben seconded the motion. Motion carried 5-0.

The Minutes of the December 16, 2008 Carson City Audit Committee meeting are so approved this 10<sup>th</sup> day of February, 2009.

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PETE LIVERMORE, Chair