

# CARSON CITY AUDIT COMMITTEE

## Minutes of the June 10, 2008 Meeting

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A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, June 10, 2008 in the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada.

**PRESENT:** Chairperson Richard Staub  
Pete Livermore  
Nick Providenti

**STAFF:** Sue Johnson, Internal Auditor  
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, on file in the Clerk-Recorder's Office. These materials are 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 3:10 p.m. Roll was called; a quorum was present. Vice Chairperson Brown and Member Eiben were absent.

**2. ACTION ON APPROVAL OF MINUTES - May 13, 2008 (1-0014)** - Member Livermore moved to approve the minutes. Ms. Johnson requested a correction to page two. Member Providenti seconded the motion. Motion carried 3-0.

**3. DISCUSSION AND ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS APPROVAL OF THE CITY AUDITOR'S SIX-MONTH PERFORMANCE EVALUATION CONDUCTED BY CHAIRPERSON RICHARD STAUB AND MEMBER PETE LIVERMORE FROM SEPTEMBER 20, 2007 THROUGH MARCH 20, 2008 (1-0032)** - Chairperson Staub introduced this item. In response to a comment, he advised that the performance evaluation process had not yet been started. In response to a question, Ms. Johnson advised that the ordinance provides for this committee to conduct the performance evaluation. Chairperson Staub advised he would contact Human Resources Director Ann Silver to obtain the appropriate forms after June 23<sup>rd</sup>. He suggested deferring action, and the committee members concurred.

**4. DISCUSSION AND POSSIBLE ACTION REGARDING THE CURRENT STATUS OF ONGOING AUDITS AND OTHER ACTIVITIES OF THE AUDITOR (1-0083)** - Chairperson Staub introduced this item, and requested staff to agendize it perpetually. Ms. Johnson provided an overview of the monthly status report, copies of which had been distributed to the committee members and staff prior to the start of the meeting. Chairperson Staub requested Ms. Johnson to include the status of each task as part of the information provided for each work plan item. He further requested to have the monthly status reports distributed to the committee members prior to the meeting day.

Ms. Johnson reviewed the monthly status report pertinent to the redevelopment authority audit. She described the status of this audit as "behind task" because the information is being acquired from various sources, and having to be compiled according to redevelopment project. She advised of having developed a good approach to the audit from the risk perspective in that "the financial statements represent the facts, the dollars spent, and we will go backward from dollars spent to those projects that they relate to, look at

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the projects individually in terms of the information they contain, the checklists, the proper documentation for the expenditure ...”

In response to a question, Ms. Johnson explained the purpose for meeting with District Attorney’s office staff relative to this audit. She advised that Senior Deputy District Attorney Joel Benton had helped clarify the provisions of NRS 279. Chairperson Staub requested Ms. Johnson to add a “date implemented” section for each work plan item. Ms. Johnson advised that the redevelopment audit implementation date was May 14<sup>th</sup>. She acknowledged the audit is “a little behind,” but that she has cooperation from the department head and the City Manager.

Ms. Johnson advised of not having done a significant amount of work on the benefit providers quarterly review since April. She further advised of having recently received corrected reports from the Human Resources Department. She described the status of the audit as “on task.” In response to a question, she advised of having determined no significant issues. She expressed the belief that the Human Resources Benefits Manager is “doing ... exceptional reporting” on the monthly bills.

Ms. Johnson responded to questions of clarification regarding the monthly status report format, and discussion followed. She provided background information on, and reviewed the status of the special request employee internal policy and procedure audit and the monthly sales tax report analysis. Member Providenti provided additional clarification of the monthly sales tax report to be presented to the Board of Supervisors. Ms. Johnson reviewed that portion of the status report pertinent to the P2K system.

Ms. Johnson reviewed the PERS Audit Compliance portion of the monthly status report. A letter will be sent to PERS advising of the City’s total compliance with the PERS audit. Ms. Johnson advised that Member Providenti had conducted a “spot check” of time sheets and backup for the “last two pay periods.” The PERS documentation was complete, and Member Providenti believes the City is “in line with the requirements of PERS call back at this point in time.” In response to a question, Ms. Johnson advised that a new, standard time sheet was developed and implemented last August. All departments, except the Sheriff’s Department, are using the time sheet. Ms. Johnson suggested that Finance Department staff should follow up with Sheriff’s Department staff to understand the reasons for their reluctance to utilize the new time sheet format. In response to a question, Ms. Bruketta advised that Sheriff’s Department representatives requested installation of a time clock during the most recent negotiations.

Ms. Johnson advised of having recently attended a PERS public hearing, together with the Human Resources and Finance Departments Directors, regarding changes proposed for call-back pay. She explained the proposed change “to go to a tiered call-back system” which “treats employees differently based on hire date.” She referred to the color section of the monthly status report for additional clarification of the new call-back provision. She advised of having raised a concern, at the public meeting, over the reality of trying to administer and / or audit a two-tiered call-back system. She further advised of extensive discussion regarding the definition of “emergency.” She advised that PERS representatives will continue to audit call-back pay. “That’s the thorn in their side and they have to resolve what’s going on in terms of use of call-back pay and PERS benefits.” Ms. Johnson advised “it’s a statewide issue and it becomes very complicated.” Discussion took place regarding situations which constitute an emergency. In response to a question, Ms. Bruketta advised that the City’s labor contracts “mirror the PERS language with regard to call-back pay.” She responded to questions of clarification. In response to a comment, Ms. Johnson advised that the matter has become a Finance Department issue pertinent to payroll. In response

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to a question, she provided further clarification of the two-tiered system. She advised that training will be necessary to administer the payroll provisions. "... we're waiting for ... a definitive answer from PERS ... the definition of emergency ... and the implementation date." Ms. Johnson anticipates the implementation date will be no later than September 30<sup>th</sup>. She advised that PERS auditors will return within a year to conduct another three-year audit. She anticipates continued audit issues based on the complexity of the call-back issue "even though we're doing due diligence on training, on standardized time sheets, to make sure we're complying with PERS." In response to a question, Ms. Johnson advised that, once PERS acknowledges the City's compliance with the audit requirements, her role will be complete and the Finance Department will be responsible for administering the new policy. She will conduct quarterly reviews.

Ms. Johnson reviewed the meetings, time allocation, and completed items portions of the monthly status report. No formal action was taken.

**5. UPDATE PERTAINING TO KAFOURY, ARMSTRONG & CO.'S PRELIMINARY FIELD WORK CONDUCTED IN MAY 2008 FOR THE FISCAL YEAR END AUDIT JUNE 30, 2008 (1-0554)** - Chairperson Staub introduced this item. Member Providenti provided a status report on the Kafoury, Armstrong auditor's process. He anticipates the audit will proceed and that management letters will be issued "depending on what he finds." In response to a question, he advised that Kafoury, Armstrong representatives don't typically meet with City representatives to review the audit plan prior to beginning. He further advised that the Kafoury, Armstrong auditor has been documenting policies, procedures, and write-ups, and that he has met with several department heads. He speculated that the auditor is in the process of developing a work plan based on internal controls. He responded to questions regarding other municipalities with which Kafoury, Armstrong contracts.

**6. DISCUSSION AND ACTION REGARDING MONTHLY AUDIT MEETING SCHEDULED FOR JULY 8, 2008 (1-0629)** - Chairperson Staub introduced this item. Ms. Johnson provided background information, and recommended scheduling the July meeting. Member Providenti advised he would be absent from the July meeting.

**7. DISCUSSION AND ACTION REGARDING ITEMS FOR DISCUSSION AT FUTURE MEETINGS (1-0654)** - Chairperson Staub suggested establishing a time line for providing status reports to the Board of Supervisors. Discussion followed, and consensus of the committee was to agendize an item for the July committee meeting.

**8. PUBLIC COMMENT (1-0751)** - None.

**9. ACTION ON ADJOURNMENT (1-0755)** - Member Livermore moved to adjourn the meeting at 3:51 p.m. Member Providenti seconded the motion. Motion carried 3-0.

The Minutes of the June 10, 2008 Carson City Audit Committee meeting are so approved this 8<sup>th</sup> day of July, 2008.

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RICHARD S. STAUB, Chair