item#8B

City of Carson City Agenda Report

Date Submitted: 12-9-08 Agenda Date Requested: 12-18-08

Time Requested: 15 minutes

To: Carson City Board of Supervisors

From: Larry Werner, City Manager

Subject Title: Discussion regarding the composition of the audit committee (Carson City Municipal Code (CCMC) 2.14.030) and possible action to direct staff to bring forth an amendment to CCMC 2.14.030 changing the membership on the committee.

Staff Summary: The Audit Committee is seeking an amendment from the Board of Supervisors to change the composition of the committee to remove the Finance Director as a member. In addition, the Board of Supervisors will discuss removing one of the Board of Supervisor's positions from the membership.

()	es Impact Statement: () Yes (X) No
Type of Action Requested: () Resolution (X) Formal Action/Motion	(cneck one) () Ordinance () Other (Specify)

Recommended Board Action: I move to direct staff to bring forth an amendment to CCMC 2.14.030 changing the composition of the audit committee to:

Explanation for Recommended Board Action: On November 3, 2008, the Audit Committee made a motion to recommend to the Board of Supervisors that they remove the Finance Director from the committee and that they amend the ordinance to create a new member with expertise in financial matters and Generally Accepted Accounting Principles ("GAAP"). Currently, the ordinance requires the members of the public to: "be from the private sector with no less than 5 years of experience in financial services, public accounting, and/or governmental auditing, and current knowledge of public laws and regulations governing an audit committee." The Finance Director believes there is a conflict with his membership on the committee and is in favor an amendment to the ordinance removing the Finance Director as a member. In addition, there has been some discussion to have only one member of the Board of Supervisors sit on the committee.

Applicable Statute, Code, Policy, Rule or Regulation: CCMC 2.14.030

Fiscal Impact: N/A Members are not compensated for serving on the committee.

Funding Source: N/A

Prepared By: Melanie Bruketta, Chief Deputy District Attorney

Reviewed By:

Date:	2/9/08	
(City Manager)	Date:	12-9-08
(District Attorney)	Date:	12-9-08
(Finance Director)	Date:	2-9-08

(Vote Recorded By)

2.14.030 Composition of the Carson City audit committee.

- 1. The Carson City audit committee will be independent and objective in its collective mindset individually and as a group. The committee will reflect the following attributes:
- a. Excellent communication skills with each other and with others;
- b. A willingness to fully participate in complex and sensitive matters that require resolution:
- c. Public accounting, governmental accounting and auditing experience.
- 2. The Carson City audit committee shall be comprised of 5 members; 2 members from the board of supervisors, 2 members from the public at-large and the city's director of finance.
- a. 2 members of the Carson City audit committee will be selected from the board of supervisors. The board members shall be selected each January when the board of supervisors addresses board and commission assignments; these 2 positions will have staggered 2 year terms.
- b. The 2 members at-large of the Carson City audit committee will be interviewed and selected by the board of supervisors. These members must be from the private sector with no less than 5 years of experience in financial services, public accounting, and/or governmental auditing, and current knowledge of public laws and regulations governing an audit committee. The terms shall be for staggered 2 years; expiring on each alternate year.
- c. The members at-large shall not accept any consulting, advisory, or other compensatory fees from the city and may not be an affiliated person with the city or any subsidiary thereof.
- Should a vacancy occur in any position on the Carson City audit committee, the board of supervisors must follow the procedure set forth above to select a new member for the committee. The selection must occur within one month of the vacancy occurring.
- 4. When deemed necessary, the Carson City audit committee may request that the city manager and other management employees attend a Carson City audit committee meeting in an advisory capacity. This individual may be requested to provide necessary information relative to internal controls, data, and analysis related to the specific objectives of the Carson City audit committee. (Ord. 2008-10 § 5, 2008)