

Item # 16

**City of Carson City
Agenda Report**

Date Submitted: July 7, 2009

Agenda Date Requested: July 16, 2009
Time Requested: 20 mins

To: Mayor and Supervisors

From: Lawrence A Werner P.E., P.L.S., City Manager

Subject Title: Action to select Casey, Neilon & Associates, LLC as the best responder to the request for Statement of Qualifications for the Carson City Internal Auditor position.

Staff Summary: Carson City is required to have an Internal Auditor to perform specific duties as described in Section 3.075(2) of the Carson City Charter. The City received four responses to a request for Statement of Qualifications for the Internal Auditor position.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to select Casey, Neilon & Associates, LLC as the best responder to the request for Statement of Qualifications for the Carson City Internal Auditor position.

Explanation for Recommended Board Action: A team consisting of - a member of the Audit Committee, the City Manager, the Finance Director and the Deputy Finance Director evaluated the four statements of qualifications (SOQ) received. Casey, Neilon & Associates was ranked as the best responder.

Applicable Statute, Code, Policy, Rule or Regulation: Carson City Charter Section 3.075.

Fiscal Impact: There is no fiscal impact with this action.

Explanation of Impact: A task based contract will be developed that will establish the procedures for assigning an audit and the cost thereof. It is anticipated that the total estimated cost would not exceed \$30,000.

Funding Source: Internal Auditor Fund

Alternatives: Do not approve / direct staff to look for alternatives

Supporting Material: Memo and Statement of Qualifications.

Prepared By: Janet Busse, Office Supervisor

Reviewed By:

[Signature]
(Department Head)

Date: 7-7-09

Melanie Burketta
(District Attorney)

Date: 7-7-09

Nancy Paulsa
(Finance Director)

Date: 7-7-09

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

MEMORANDUM

TO: Mayor and Board of Supervisors

FROM: Lawrence A. Werner, P.E., P.L.S.
City Manager

DATE: June 24, 2009

SUBJECT: Technical Rating of City Auditor SOQ's

The following rates the statements of qualifications (SOQ) submitted in response to the City's request for qualifications for selecting a firm to be the City's Internal Auditor. The reviews were conducted individually by Nick Providenti and Nancy Paulson of the Finance Department, Ken Brown, member of the Audit Committee and me. The results are as follows:

Reviewer	Applicant Ranking (1 being best.)			
	Casey, Neilon & Assoc.	Freeman & Williams	Protiviti	Stonefield Josephson
Brown	1	4	2	3
Paulson	1	4	2	3
Providenti	1	4	3	2
Werner	1	4	2	3

From a technical review of the proposals, it was pretty clear that the firm of Casey, Neilon & Associates was the best responder to the request for qualifications.

The next step in the process is to schedule interviews before the Board of Supervisors for final selection.

CARSON CITY, NEVADA
STATEMENT OF QUALIFICATIONS
INTERNAL AUDIT

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

Table of Contents

LETTER OF TRANSMITTAL

FIRM PROFILES

Quality Review	1
Licensing	1
Equal Opportunity	2
Resources	2
Commitment to Client Service	2
Commitment to Quality	2

EXPERIENCE 3

ORGANIZATION CHART 3

TEAM MEMBER ROLES 4

ENGAGEMENT PLAN

Engagement Planning	4
Fieldwork	4
Concluding the Engagement	5

RESUMES

Project Leaders	5
Managers	6
Team Members	6

REFERENCES 7

CURRENT BILLING RATES 8

ESTIMATED MANPOWER AND EXPENSE MATRIX 9

ADDITIONAL ATTACHMENTS

Peer Review Report – Casey, Neilon & Associates, LLC	10
Peer Review Report – Haws, Theobald & Auman, PC	11-12



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www.wealthcarecpas.com

June 11, 2009

Carson City Purchasing and Contracts
Sandy Scott, Purchasing and Contracts Coordinator
201 North Carson Street, Suite 3
Carson City, NV 89701

We are pleased to have the opportunity to submit a Statement of Qualifications for internal audit work for Carson City, Nevada. To facilitate timely completion of all requested audit work, and to develop a comprehensive team of consultants that possess the range of experience and industry knowledge required, Casey, Neilon and Associates, LLC and Haws, Theobald & Auman PC have teamed up to present this proposal.

The partners and staff of both companies have very strong experience and a significant background in auditing governmental entities. Further in addition to actual governmental auditing experience, all staff that would be involved in the engagement has significant accounting and auditing education in the form of in-house seminars, self-study, and attendance at local and national conferences. This dedication to continuing education is a focal point of both firms.

When providing an audit, or any other type of service, the premium value that we provide is much greater than a simple report. We accompany our reports with actionable advice and a presentation of the findings and recommendations. Helping you realize your full potential is a natural extension of a comprehensive business relationship. We will provide recommendations that we feel would improve your efficiency and we look for opportunities that you may capitalize upon. All this is done in a professional manner, making certain that each member of your management team and staff is treated courteously and with the utmost respect.

We are committed to providing all of our clients the highest level of service available; including Carson City, Nevada, should you select us to perform this engagement. We look forward to your consideration of this statement of qualifications, and welcome and questions that you might have.

Sincerely,

Nicola Neilon, CPA
Casey, Neilon & Associates, LLC



CIRCULAR 230 DISCLAIMER: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing or recommending any transaction or matter to another person.

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

FIRM PROFILES

Casey, Neilon & Associates, LLC was formed in 2006 and is located at 503 N Division St., Carson City, Nevada. Haws, Theobald & Auman PC, formally known as Haws, Theobald & Auman, was formed in 2005 and is located at 1740 Main Street, Susanville, California.

Both firms provide a full range of services including accounting, auditing, tax and management advisory services. We are committed to excellence in all areas of service. Every engagement we undertake is under the personal direction of one of the principals or partners. Each principal or partner has received specific training in their particular area of expertise and regularly attends continuing education courses to maintain the highest level of quality service for our clients. The principals and partners have performed numerous financial and compliance audits of governmental and non-profit entities, to include counties, cities, school districts, special districts and performance audits of governmental entities.

All members of our proposed engagement team receive more than the minimum required education under professional standards. All of our staff receives in excess of 40 hours per year in total continuing education, which exceeds our requirements under state law. We encourage our staff to obtain continuing professional education in fields appropriate to the type of accounting work that they are providing.

Quality Review

As you are aware, a development affecting governmental audits is the requirement that firms performing audits of governmental and non-profit organizations have a Peer Review of the quality control structure and quality of the firm's work. In July of 2008, Haws, Theobald & Auman had a quality review performed by the Firm of Chiang, Hammon and Company of San Jose, California. In August of 2008, Casey, Neilon & Associates, LLC had a quality review performed by the firm of Grant Bennett Associates of Sacramento, California. Both reports, copies of which are enclosed, expressed an unqualified opinion on the respective systems of quality control.

Licensing

Haws, Theobald & Auman PC is a properly licensed Certified Public accounting Firm. In addition, our firm meets the independence standards of the General Accounting Office, Governmental Auditing Standards.

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

Casey, Neilon & Associates, LLC is a properly licensed Nevada Public accounting firm. In addition, our firm meets the independence standards of the General Accounting Office, Governmental Auditing Standards.

Equal Opportunity:

Both firms are committed to equal opportunity. We recruit, employ and promote without regard to race, religion, age, sex, national origin or disability, and as women comprise in excess of 100% of the ownership of Casey, Neilon & Associates, LLC, we qualify as a minority owned business.

Resources

Casey, Neilon and Associates, LLC provides national firm resources and capabilities through our affiliation with Alliot Group North America, an association of over 100 public accounting firms worldwide. The Alliot Group is an exclusive worldwide association of independent accounting and consulting firms founded to pursue excellence and quality in accounting and business consulting services. Management and staff from these firms work with us to provide the requisite industry and service expertise when required.

Commitment to Client Service

We believe that you deserve professionals that take your success as personally as you do. Client continuity is important in public accounting. We believe that building strong relationships between our clients and the engagement team members is a win-win combination.

Commitment to Quality

One of the most important factors in our firms' success is an uncompromising commitment to the highest standards of quality and professionalism. Providing quality service to our clients is our primary objective, and we have developed review procedures and communications that ensure the highest standards of performance. For quality control purposes, our firms require an independent compliance review of the engagement reports prior to issuance in final form. A principal or partner will be assigned that task to ensure that all findings and recommendations are included in the report and that all recommendations are clear, concise and actionable.

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

EXPERIENCE

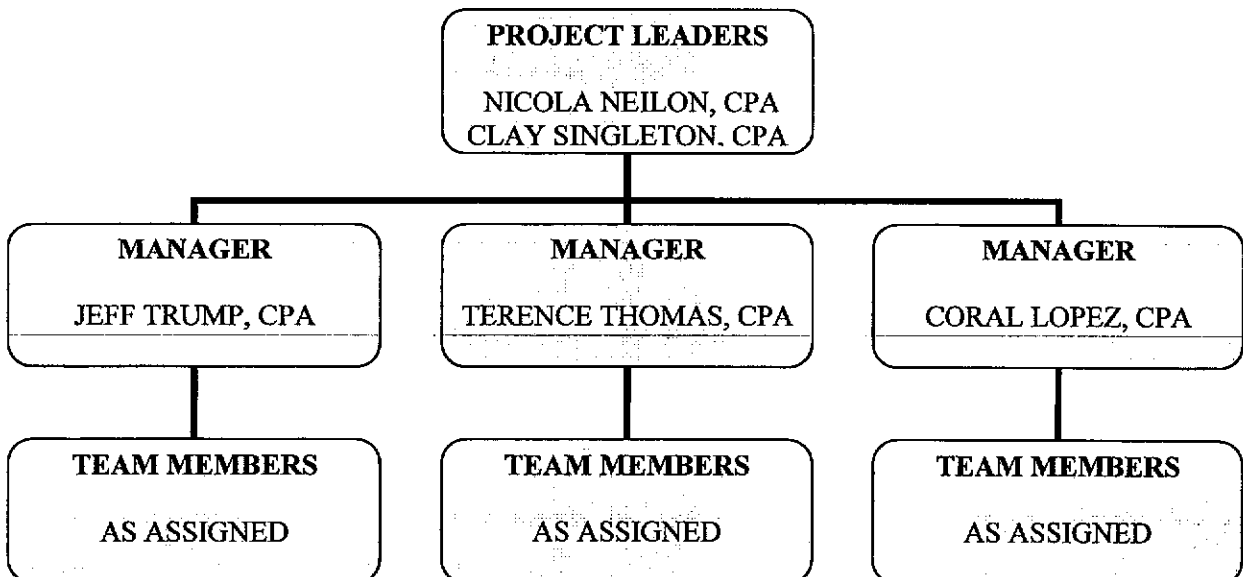
The principals and partners have performed numerous financial and compliance audits of governmental and non-profit entities to include:

- School Districts in Butte, Lassen and Modoc Counties
- Lassen County Office of Education
- Long Valley Charter School
- Modoc County Office of Education
- 2 Children & Families Commissions
- Lassen Library District
- 4 Fire Districts in Lassen and Plumas Counties
- 6 Utility Districts in Lassen and Plumas Counties
- 6 Nonprofits
- State of Nevada, Public Employees Benefits Program
- State of Nevada, Insurance Premium Trust Fund
- State of Nevada, State Retirees' Health and Welfare Benefits Fund

Additional experience relevant to the work requested by Carson City includes Mr. Singleton's work history in the area of ambulance billing; and Ms. Neilon's work history in the area of medical billing.

Both firms are well versed in the requirements surrounding governmental auditing, compliance auditing, consulting agreements and agreed upon procedures engagements.

ORGANIZATION CHART



STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

TEAM MEMBER ROLES:

Project Leaders: Project leaders are responsible for overall engagement performance including liaising with the audit committee and board of supervisors to determine the purpose, objectives and scope of the projects requested. Once identified, these goals are communicated to the management team which assigns the appropriate level of staff to the fieldwork. The Project leaders are responsible for communicating significant findings and recommendations to the audit committee and the board of supervisors and for suggesting areas to improve efficiency and compliance with laws, regulations and County policy.

Managers: Managers are responsible for supervising the fieldwork and the work of any team members. Specifically, the managers are responsible for interviewing staff in the relevant departments, developing an internal audit plan, directing the fieldwork and supervising the work of team members.

Team Members: Team members are responsible for performing fieldwork under the supervision of the managers.

ENGAGEMENT PLAN:

Engagement Planning

We will hold a planning conference with the appropriate members of management at a mutually convenient date prior to the beginning of fieldwork. The timing and scope of the work to be performed, assistance required from your personnel and estimated time of completion will be discussed, and a mutually agreed upon audit plan will be determined at that time.

We will also obtain information necessary to do a preliminary evaluation of your system of policies, procedures and administrative controls in order to determine the exact nature and scope of the procedures to be performed during your engagement. Based on this information we will develop our engagement plan and engagement programs detailing the procedures to be performed.

Field Work

Upon completion of the planning process, we will begin testing of your accounting and administrative records to determine that transactions and systems are in compliance with the City's policies and procedures and that the processes tested support a sound system of internal control.

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

It is important for you to understand that these engagements do not entail a detailed examination of all transactions, and that there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention, and will include such matters in the reports presented to management, the audit committee and the board of supervisors.

Concluding the Engagement

Upon completion of the fieldwork we will arrange to have an exit conference with the management of Carson City. At this conference we will discuss all significant findings and go over all proposed internal control recommendations, management improvement recommendations and compliance findings.

Based on management responses and clarification achieved during the exit conference, we will prepare and issue a draft report and a findings and recommendation letter for your review and approval. Upon resolving issues and questions, we will issue our final report, and present our findings to the audit committee and board of supervisors.

We will remain in contact with management throughout the process and re-evaluate our engagement plan should any issues arise that require additional consideration.

RESUMES:

Project Leaders:

Nicola Neilon, CPA: Nevada State Board of Accountancy Number 3279. Ms Neilon joined Casey, Neilon & Associates, LLC when the company was formed in 2006. A graduate of the University of Nevada, Reno with a Graduate Certificate in Taxation from Golden Gate University, Ms Neilon has focused on auditing, taxation and consulting services for state and local governments, small businesses and insurance entities. Ms. Neilon is a member of "American Institute of Certified Public Accountants," the "Nevada Society of Certified Public Accountants." Further, Ms. Neilon volunteers as a community member on the finance advisory committee to Douglas County, Nevada.

Clay Singleton, CPA: California State Board of Accountancy Number 85523. Mr. Singleton joined Haws, Theobald & Auman PC in 2000 after graduating from California State University at Chico with a Master of Science degree in Accountancy and a Bachelor of Science degree in Business Administration. Mr. Singleton is a member of "American Institute of Certified Public Accountants," the "California Society of Certified Public Accountants." Mr. Singleton joined us with five years experience in private industry accounting; specifically in the area of ambulance billing services.

STATEMENT OF QUALIFICATIONS

INTERNAL AUDIT POSITION CARSON CITY, NEVADA

Managers:

Jeff L. Trump, CPA: California State Board of Accountancy Number 67942. Mr. Trump joined Haws, Theobald & Auman PC in 1990 after graduating from Humboldt State University with a Bachelor of Science degree with an emphasis in Accounting. Mr. Trump is a member of the "American Institute of Certified Public Accountants," and the "California Society of Certified Public Accountants." Mr. Trump has eighteen years of comprehensive governmental auditing training and experience.

Terence J Thomas, CPA: California State Board of Accountancy Number 74273; Nevada State Board of Accountancy Number 3011R; Kentucky State Board of Accountancy Number 7059. Mr. Thomas graduated from Eastern Kentucky University in 1985. Mr. Thomas is a member of the "Nevada Society of Certified Public Accountants." Mr. Thomas was employed as a state auditor for the State of Kentucky for 2 years; additionally, Mr. Thomas has 14 years of comprehensive accounting, auditing, taxation and business consulting experience.

Coral Lopez, CPA: California State Board of Accountancy Number 100640; Nevada State Board of Accountancy Number 4774. Ms. Lopez joined Casey, Neilon & Associates, LLC in 2004 after graduating from Long Beach State University and working as an auditor for Ernst and Young, LLP. Ms. Lopez is a member of the "American Institute of Certified Public Accountants," the "California Society of Certified Public Accountants"; and the "Nevada Society of Certified Public Accountants."

Team Member:

Mandy McGarva, MAcc: California State Board of Accountancy Number 100804. Mrs. McGarva joined Haws, Theobald & Auman PC in May of 2002. She received a Bachelor of Science in Business Administration with a major in Accounting from the University of Nevada, Reno in December, 2004 with High Distinction. She received her Master of Accountancy from the University of Nevada, Reno in May, 2006. Mrs. McGarva has recently received her CPA license.

Other team members to be assigned based on the complexity of the engagement and the corresponding experience and education of the staff member.

STATEMENT OF QUALIFICATIONS

**INTERNAL AUDIT POSITION
CARSON CITY, NEVADA**

REFERENCES:

Claudette Springmeyer, Comptroller, Douglas County, Nevada

T. Michael Brown, County Manager, Douglas County, Nevada

Jud Jensen, County of Superintendent of Schools, Lassen County Office of Education,
California

Denise Lee, Business Manager, Lassen County Office of Education, California

Additional references available upon request.

STATEMENT OF QUALIFICATIONS

**INTERNAL AUDIT POSITION
CARSON CITY, NEVADA**

CURRENT BILLING RATES:

Partner	\$175 - \$300
Manager	\$125 - \$175
Senior Accountants	\$100 - \$140
Staff Accountants	\$ 75 - \$130

ESTIMATED MANPOWER AND EXPENSE MATRIX:

Ambulance Billing Process:

	Staff	Senior	Manager	Partner	Total Hours	Average Rate	Total	
							Low Range	High Range
Planning			10-20	5-10	15-30	179	2,687.50	5,375.00
Fieldwork	10-20	10-20	5-10		25-50	119	2,975.00	5,950.00
Reporting			5-10	2-4	7-14	175	1,225.00	2,450.00
Communication of Findings				5-10	5-10	238	1,187.50	2,375.00
	<u>10-20</u>	<u>10-20</u>	<u>20-40</u>	<u>12-24</u>	<u>52-104</u>		<u>8,075.00</u>	<u>16,150.00</u>

NDOT-Carson City Freeway Project:

	Staff	Senior	Manager	Partner	Total Hours	Average Rate	Total	
							Low Range	High Range
Planning			10-20	5-10	15-30	179	2,687.50	5,375.00
Fieldwork	15-25	15-25	5-10		35-60	117	4,087.50	7,062.50
Reporting			5-10	2-4	2-4	175	1,225.00	2,450.00
Communication of Findings				5-10	5-10	238	1,187.50	2,375.00
	<u>10-20</u>	<u>10-20</u>	<u>20-40</u>	<u>12-24</u>	<u>62-114</u>		<u>9,187.50</u>	<u>17,262.50</u>

Parks and Recreation Programs:

	Staff	Senior	Manager	Partner	Total Hours	Average Rate	Total	
							Low Range	High Range
Planning			5-10	2-5	7-15	175	1,225.00	2,687.50
Fieldwork	5-10	5-10	2-5		12-25	118	1,412.50	2,975.00
Reporting			2-5	2-5	4-10	194	775.00	1,937.50
Communication of Findings				2-5	2-5	238	475.00	1,187.50
	<u>5-10</u>	<u>5-10</u>	<u>9-20</u>	<u>6-15</u>	<u>25-55</u>		<u>3,887.50</u>	<u>8,787.50</u>

Please Note:

The proposed scope in the request for statement of qualifications is extremely broad, and so it is difficult to anticipate an accurate manpower and expense matrix. We have provided a range based on our initial understanding of the scope of work. This range can be refined based on further scope details. We encourage staff and the audit committee to contact us regarding the anticipated scope so that this matrix can be reworked based on management's understanding or expectations of the work to be performed.

Grant Bennett Associates

A PROFESSIONAL CORPORATION

August 29, 2008

To the Partners
Casey, Neilon & Associates, LLC

We have reviewed the system of quality control for the accounting and auditing practice of Casey, Neilon & Associates, LLC (the firm) in effect for the year ended February 29, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Casey, Neilon & Associates, LLC in effect for the year ended February 29, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Grant Bennett Associates
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CHIANG, HAMMON & COMPANY
Certified Public Accountants
2007 W. Hedding Street, Suite 207 San Jose, CA 95128
(408) 244-2002 · (408) 244-2333 Fax

July 18, 2008

To the Owners
Haws, Theobald & Auman

We have reviewed the system of quality control for the accounting and auditing practice of Haws, Theobald, & Auman in effect for the year ended December 31, 2007. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with the system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and cross-section of the firm's auditing practice with emphasis on higher-risk engagements. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is

subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Haws, Theobald & Auman in effect for the year ended December 31, 2007, has been designed to meet the requirements of the quality control standards for an auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.



Chiang, Hammon & Company