

**City of Carson City
Request for Board Action**

Date Submitted: 02/26/13

Agenda Date Requested: 03/07/13

Time Requested: 20 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director
Michael Bertrand, Audit Committee Chairman

Subject Title: For Possible Action: Action to accept the Audit Committee's recommendations for projects to include the Fleet Management Efficiency Study and Phase 1 of the Fraud Waste and Abuse (FWA) Program Development. (Michael Bertrand)

Staff Summary: Moss Adams made recommendations to the Audit Committee at their November 20, 2012 meeting for future projects. The Committee is recommending to the Board of Supervisors that Moss Adams perform a Fleet Management Efficiency Study and Phase 1 of the Fraud Waste and Abuse (FWA) Program Development.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to accept the Audit Committee's recommendations for projects to include the Fleet Management Efficiency Study and Phase 1 of the Fraud Waste and Abuse (FWA) Program Development.

Explanation of Recommended Board Action: See Staff Summary.

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: Fleet Management Study - \$25,000 plus expenses, Phase 1 of FWA Program Development - \$10,000

Explanation of Impact: will reduce the general fund budget by the agreed upon dollar amount of the task to be performed by Moss Adams. Currently we are estimating that there will be \$62,564 available for projects for the remainder of FY 2013 before taking the above projects into consideration.

Funding Source: General Fund Internal Audit Budget

Alternatives: Do not accept the recommendations and/or make different recommendations

Supporting Material: Memo from Moss Adams

Prepared By: Nick Providenti

Reviewed By:

Nick Providenti
(Department Head)

Date: 2/26/13

: _____
(City Manager)

Date: 2/26/13

: _____
(District Attorney)

Date: 2/26/13

: _____
(Finance Director)

Date: 2/26/13

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

Date:	February 5, 2013
To:	Carson City Audit Committee
From:	Tom Krippaehne, Mark Steranka
Subject:	Internal Audit Program Recommendations

Listed below are projects identified through the risk assessment or subsequent discussions to reduce risks, strengthen internal controls, and improve performance economy, efficiency, and/or effectiveness.

I. FRAUD, WASTE, AND ABUSE PROGRAM DEVELOPMENT	
A. AUDIT OBJECTIVE	<ul style="list-style-type: none"> Develop policies and procedures for establishing a fraud, waste, and abuse program
B. SCOPE	<p>Phase I:</p> <ul style="list-style-type: none"> Interview key stakeholders Understand current processes for handling reported instances of fraud, waste, and abuse (FWA) Identify applicable FWA laws, rules, and regulations Assess City's ability to management a FWA program Draft FWA charter, policies, and procedures, leveraging the report on "Managing the Business Risk of Fraud: A Practical Guide" sponsored by the AICPA, IIA, and ACFE <p>Phase II:</p> <ul style="list-style-type: none"> Define FWA resourcing strategy Identify options for an anonymous reporting mechanism Establish reporting standards - law enforcement, insurance, district attorney, etc. Provide recommendations for FWA program implementation Define FWA prevention and detection training program needs
C. SCHEDULE	<ul style="list-style-type: none"> 12-16 weeks
D. EXPECTED PRODUCTS	<ul style="list-style-type: none"> Draft FWA charter, policies, and procedures FWA program implementation recommendations FWA prevention and detection training program design
E. COST	<ul style="list-style-type: none"> \$10,000, plus expenses for Phase I \$10,000, plus expenses for Phase II

2. FLEET MANAGEMENT EFFICIENCY STUDY	
A. AUDIT OBJECTIVE	<ul style="list-style-type: none"> • Determine whether the fleet management group could operate more efficiently
B. SCOPE	<ul style="list-style-type: none"> • Conduct interviews with key personnel • Obtain and review fleet replacement schedule, maintenance budget and expenditures, workload, etc. • Research and benchmark City against best practices, including fleet composition, maintenance management practices, organization structure and functions • Evaluate alternatives, including estimated cost savings • Provide recommendations
C. SCHEDULE	<ul style="list-style-type: none"> • 10-12 weeks
D. EXPECTED PRODUCTS	<ul style="list-style-type: none"> • Fleet management service delivery alternatives • Recommendations
E. COST	<ul style="list-style-type: none"> • \$25,000, plus expenses

3. PERFORMANCE MEASURES PROGRAM	
A. AUDIT OBJECTIVE	<ul style="list-style-type: none"> • Identify opportunities to strengthen linkages between performance measures and financial reporting
B. SCOPE	<ul style="list-style-type: none"> • Review guidance provided by GASB Concept 5, Service Efficiency and Accomplishments (SEA) Reporting • Review current City performance measures program • Select one department/division to participate in a pilot study • Evaluate the performance measures utilized by the selected department or division • Compare those measures for consistency with service effort, service accomplishment, and service productivity, measures outlined by GASB Concept 5 • Prepare findings and recommendations
C. SCHEDULE	<ul style="list-style-type: none"> • 12-16 weeks
D. EXPECTED PRODUCTS	<ul style="list-style-type: none"> • Citywide SEA program implementation recommendations • Department/Division recommended SEA measures
E. COST	<ul style="list-style-type: none"> • \$20,000, plus expenses

MOSS ADAMS_{LLP}

I. INTERNAL CONTROL REVIEW	
A. AUDIT OBJECTIVE	<ul style="list-style-type: none">• Begin strengthening internal controls, by testing cash handling throughout the City
B. SCOPE	<ul style="list-style-type: none">• Identify points of cash handling throughout the City• Document internal controls for each situation• Test internal controls for each situation• Prepare findings and recommendations
C. SCHEDULE	<ul style="list-style-type: none">• 12-16 weeks
D. EXPECTED PRODUCTS	<ul style="list-style-type: none">• Cash handling internal control recommendations
E. COST	<ul style="list-style-type: none">• \$20,000, plus expenses