CARSON CITY AUDIT COMMITTEE Minutes of the February 12, 2013 Meeting Page 1

A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, February 12, 2013, in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bertrand

Vice Chairperson William Prowse

Member Ken Brown Member John Bullis Member John McKenna

STAFF: Larry Werner, City Manager

Nancy Paulson, Deputy Finance Department Director Tamar Warren, Deputy Clerk / 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 part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

- **1 2. CALL TO ORDER AND ROLL CALL** (3:01:31) Chairperson Bertrand called the meeting to order at 3:01 p.m. Roll was called; a quorum was present. Chairperson Bertrand welcomed Member Bullis.
- **3. PUBLIC COMMENTS AND DISCUSSION** (3:02:03) Chairperson Bertrand entertained public comment; however, none was forthcoming.
- 4. POSSIBLE ACTION ON APPROVAL OF MINUTES November 20, 2012 (3:02:38) Chairperson Bertrand entertained a motion to approve the minutes. Vice Chairperson Prowse moved to approve the minutes. Member Brown seconded the motion. Motion carried 5-0. In response to a question, Mr. Werner advised that no information relative to appeals had yet been received from the Nevada State Public Defender's Office. He agreed to follow up.
- 5. POSSIBLE ACTION TO ADOPT THE AGENDA (3:04:30) Chairperson Bertrand entertained a motion to adopt the agenda. Member Brown moved to adopt the agenda. Member McKenna seconded the motion. Motion carried 5-0.
- 6. POSSIBLE ACTION TO IDENTIFY, DISCUSS, AND PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS ON ADDITIONAL PROJECTS TO BE PERFORMED BY THE INTERNAL AUDITOR FOR THE PERIOD ENDING JUNE 30, 2013. POTENTIAL TOPICS INCLUDE, BUT ARE NOT LIMITED TO, PERFORMANCE MEASURES, INTERNAL CONTROLS, AND THE SECOND PHASE OF THE FRAUD, WASTE, AND ABUSE PROJECT (3:04:52) Chairperson Bertrand introduced this item, and reviewed the agenda materials. Mark Steranka, of Moss-Adams, LLP, clarified that the Fraud, Waste, and Abuse Program Development and Fleet Management Efficiency Study projects have been recommended to the Board of Supervisors. Said projects are agendized for Board of Supervisors approval at their February 21st meeting.

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Chairperson Bertrand entertained discussion of the committee members. Member Brown suggested considering "overtime issues" at the Fire Department, and discussion ensued. Mr. Werner advised that both the Fire Department and the Sheriff's Office have implemented the TeleStaff program to manage overtime and vacancies. Member McKenna suggested requesting Fire Department and Sheriff's Office staff to provide a report on overtime costs, noting that he had no knowledge of overtime issues. Vice Chairperson Prowse discussed the importance of establishing a means by which to identify possible audit projects in order that preliminary work can be conducted.

In response to a question, Mr. Steranka offered to revisit the previously-conducted risk assessment to determine anything "that warrants another look." Vice Chairperson Prowse suggested a joint meeting between the committee and the Board of Supervisors "to discuss how the internal audit process works, to solicit ideas and suggestions or concerns from the committee members to get an idea of what they're looking for from the … Audit Committee." Mr. Munn cautioned against straying from the agenda item.

Chairperson Bertrand entertained suggestions of the committee members relative to additional recommended audit projects, as outlined in the agenda materials. In response to a question, Mr. Werner discussed support for the fleet management efficiency study and the performance measure program. Vice Chairperson Prowse suggested incorporating a performance measure review into the fleet management efficiency study, and Mr. Steranka agreed.

In response to a previous question, Mr. Steranka reviewed the results of the risk assessment. At Chairperson Bertrand's request, Mr. Steranka discussed options based on the audit program recommendations and the remaining contract budget. He responded to questions of clarification relative to the costs associated with the audit program recommendations, as outlined in the February 5, 2013 memo. Member McKenna suggested allocating the remaining contract budget to the performance measures program to be included in the fleet management efficiency study, and the second phase of the fraud, waste, and abuse program development. Vice Chairperson Prowse discussed the phases of the fraud, waste, and abuse program development, and acknowledged that funding to implement the program would be necessary. Extensive discussion followed and, in response to a question, Mr. Steranka advised that "the basic elements that would likely be in a fraud, waste, and abuse program would be relatively inexpensive. ... The things that we've talked about that are common, out-of-pocket expenditures would be things like setting up the hotline and who's on the other end of that phone call. And, if you outsource that, which is common, ... there's a cost to that ..." Mr. Steranka offered to outline the range of costs, in the short term, "to equip the committee with ... some benchmarks."

In response to a question, Mr. Steranka reviewed estimated costs associated with previously-discussed direction. Chairperson Bertrand summarized the previously-discussed direction and entertained a motion. Member McKenna moved to add to the fleet management efficiency study a performance measures component, and to set aside \$15,000 for implementation of recommendations relative to the fraud, waste, and abuse program. Vice Chairperson Prowse seconded the motion. Motion carried 5-0.

7. POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE CARSON CITY AUDIT COMMITTEE - Deferred.

8. PUBLIC COMMENT (3:40:58) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

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ACTION TO ADJOURN (3:41:07) - Member McKenna moved to adjourn the meeting at 3:41 p.m.

MICHAEL BERTRAND, Chair

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| The Minutes of the February 12, 2013 Carson City Audit Committee meeting are so approved this 18 th da of June, 2013. |
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