

CARSON CITY AUDIT COMMITTEE (AC)
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A regular meeting of the Carson City Audit Committee was scheduled for 3:30 p.m. on Tuesday, March 30, 2021 in the Community Center Robert “Bob” Crowell Board Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Stephen Ferguson
Member Lori Bagwell
Member Ernie Mayhorn

STAFF: Sheri Russell, Chief Financial Officer
Mihaela Neagos, Deputy District Attorney via WebEx
Danielle Howard, Public Meetings Clerk

NOTE: A recording of these proceedings, the committee’s agenda materials, and any written comments or documentation provided to the Clerk, 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

(3:34:49) – Chairperson Ferguson called the meeting to order at 3:34 p.m. Roll was called, and a quorum was present. Member Wells and Member Molina were both absent.

3. PUBLIC COMMENTS AND DISCUSSION

(3:35:11) – Chairperson Ferguson entertained public comments; however, none were forthcoming.

4. FOR POSSIBLE ACTION: APPROVAL OF MINUTES - DECEMBER 8, 2020

(3:35:21) – Chairperson Ferguson introduced the item and entertained comments and/or a motion.

(3:35) – Member Bagwell moved to approve the meeting minutes of December 8, 2020 with the correction to Item #7 to indicate 3:30 p.m. instead of 1:30 p.m. Member Mayhorn seconded the motion. Motion carried 3-0-0.

5. FOR POSSIBLE ACTION: ADOPTION OF AGENDA

(3:36:00) – Ms. Russell noted that there were no changes to the agenda.

6. MEETING ITEMS:

6.A FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE INTERNAL AUDIT AND RECOMMENDATIONS TO THE CITY FLEET MAINTENANCE DEPARTMENT.

(3:36:21) – Chairperson Ferguson introduced the item. Member Bagwell disclosed that, per NRS 281A.420 requiring disclosure of a conflict of interest and abstaining from voting when there is a disqualifying conflict, her

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son works for Eide Bally; however, the contract for which Member Bagwell had abstained from voting on due to her belief that her son's employment had posed a disqualifying conflict had already been awarded, and this item was related to giving direction by the Committee as a whole for purposes related to mediations or audits presented. She added that this item would not materially affect the independence of her judgment, and she did not believe she had a disqualifying conflict and would be voting on this item.

(3:37:53) – Eide Bailly Senior Manager Audrey Donovan, appearing via WebEx, referenced the Staff Report, which is incorporated into the record. Eide Bailly Manager Nicholas Sidikovich, appearing via WebEx, presented an overview of the Vehicle Fleet Operations – Assessment of Internal Controls and Procedures internal audit report, which is also incorporated into the record. Chairperson Ferguson entertained discussion on each finding and recommendation in the report while Mr. Sidikovich, Ms. Donovan, Ms. Russell, Carson City Public Deputy Public Works Director Dan Stucky, and Carson City Public Works Department Transportation Manager Lucia Maloney responded to clarifying questions.

(3:42:26) – Member Bagwell stated “just because we have a recommendation doesn't mean we're going to implement something” regarding the recommendations to the findings referenced in the report. She was in favor of accepting Recommendation #1. She also believed that Recommendation #2 should be accepted and closed, as corrective action had already been taken, and “it's a simple thing to redirect the checks to the [Carson City] Treasurer's Office” per Management's response. Chairperson Ferguson agreed with Member Bagwell.

(3:57:13) – Ms. Russell suggested moving the timing of the review of the Low Usage Asset Report referenced in Recommendation #3 to during the budget.

(4:08:43) – Member Bagwell recommended accepting and closing Recommendation #5, and she believed that Recommendation #4 should also be closed.

(4:09:35) – Ms. Russell indicated that she expected to have Recommendation #6 closed by the next AC meeting.

(4:10:20) – Member Bagwell and Chairperson Ferguson thanked Staff for their work on the report, and Chairperson Ferguson entertained a motion.

(4:10:39) – MOTION: Member Bagwell moved to approve the Vehicle Fleet Operations – Assessment of Internal Controls and Procedures internal audit report, accepting all and closing Recommendations #2, #4, and #5. Member Mayhorn seconded the motion. Motion carried 3-0-0.

6.B FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE MONITORING, REVIEW AND CLOSURE OF INTERNAL AUDIT FINDINGS AND/OR RECOMMENDATIONS INCLUDED IN THE AUDIT FINDINGS TRACKING REPORT, AND PROVIDING A RECOMMENDATION TO THE BOARD OF SUPERVISORS TO CLOSE COMPLETED FINDINGS AND/OR RECOMMENDATIONS.

(4:11:36) – Chairperson Ferguson introduced the item. Ms. Russell referenced the Staff Report, which is incorporated into the record. Relating to Item #1 of the Temporary Staffing Audit from the Audit Findings

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Tracking Report, also incorporated into the record, Carson City Deputy District Attorney Todd Reese, appearing via WebEx, provided an overview of the Internal Memorandum, incorporated into the record as Late Material, and he and Carson City Director of Human Resources Melanie Bruketta responded to clarifying questions.

(4:23:09) – In response to Chairperson Ferguson’s inquiry, Mr. Reese confirmed that there is some conflict regarding how the federal law and the State law treat employees employed through staffing agencies, with the federal law treating employment through staffing agencies as a “joint employment aspect” and the State law, especially Public Employees Retirement System (PERS), treating it as separate employment.

(4:24:50) – Ms. Russell and Carson City Information Technology Department Chief Information Officer James Underwood presented the Audit Findings Tracking Report, and Ms. Russell entertained discussion on the items in the peach-colored rows for potential closure. The Members agreed with closing Item #1 of the Temporary Staffing audit; Item #17 of the Cash Handling 2019 audit; Items #3, #4, #8, #10, #11, and #12 of the Social Media Study; and Items #2, #4, and #5 of the Fleet Management audit. Chairperson Ferguson entertained a motion.

(4:32:36) – MOTION: Member Bagwell moved to recommend to the Board of Supervisors closing the items discussed based on the correction of findings and recommendations included in the Audit Findings Tracking Report. Member Mayhorn seconded the motion. Motion carried 3-0-0.

6.C FOR PRESENTATION ONLY: DISCUSSION REGARDING FISCAL YEAR (FY) 21 AUDIT WORK PROGRAM UPDATE AND HOTLINE ACTIVITY.

(4:33:05) – Chairperson Ferguson introduced the item. Ms. Donovan informed the Committee of the following updates:

- The Vehicle Fleet audit had been delivered.
- Eide Bailly had “kicked off engagement” for the City Revenue and Accounts Receivable audit, which was roughly 30 to 40 percent complete and would be ready for presentation at the next AC meeting.
- Eide Bailly would begin the Annual Risk Assessment on the first week of April 2021 and would be reaching out to all of the City department heads via email to schedule time with the departments of higher risk and exposure to the City.
- Eide Bailly had noted one audit to be included on the Audit Plan, and Ms. Donovan would reveal the entire Plan when it is completed at the next AC meeting.
- Eide Bailly had a few hours to the follow-up activity regarding Accounts Payable (AP) and Purchasing Card (P-Card).

Ms. Donovan also stated that there was no activity to report with the fraud hotline.

7. PUBLIC COMMENT

(4:35:35) – Chairperson Ferguson entertained public comments; however, none were forthcoming. Based on potential dates provided by Ms. Russell, the consensus was to schedule the next AC meeting for June 22, 2021 at

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1:30 p.m.

8. FOR POSSIBLE ACTION: TO ADJOURN

(4:37:16) – Chairperson Ferguson adjourned the meeting at 4:37 p.m.

The Minutes of the March 30, 2021 Carson City Audit Committee meeting are so approved this day 22nd of June, 2021.