

## **CARSON CITY AUDIT COMMITTEE**

### **Minutes of the June 14, 2011 Meeting**

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A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, June 14, 2011 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Vice Chairperson Ken Brown  
Member Michael Bertrand  
Member John McKenna  
Member Robert Parvin  
Member William Prowse

**STAFF:** Larry Werner, City Manager  
Nick Providenti, Finance Department Director  
Randal Munn, Chief Deputy District Attorney  
Kathleen King, 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** (1-0007) - Vice Chairperson Brown called the meeting to order at 3:00 p.m. Roll was called; a quorum was present. (1-0050) At Vice Chairperson Brown's request, Mr. Werner introduced and welcomed Mr. Parvin. At Mr. Werner's request, City staff introduced themselves for the record.

**3. ACTION ON APPROVAL OF MINUTES - March 24, 2010** (1-0012) - Member Prowse moved to approve the minutes, as presented. Member McKenna seconded the motion. Motion carried 5-0.

**4. ADOPTION OF AGENDA** (1-0022) - Vice Chairperson Brown entertained modifications to the agenda and, when none were forthcoming, deemed it adopted.

**5. PUBLIC COMMENTS AND DISCUSSION** (1-0029; 1900) - At Mr. Munn's suggestion, Vice Chairperson Brown called again for public comment. None was forthcoming.

### **AGENDA ITEMS**

**6. DISCUSSION AND POSSIBLE ACTION ON THE CITY'S RECENTLY ADOPTED STRATEGIC PLAN AND THE ROLE OF THE AUDIT COMMITTEE IN CARRYING OUT THE PLAN** (1-0042) - Mr. Providenti introduced and provided background information on this item. Special Projects Coordinator Linda Ritter provided additional background information on performance management strategy, and narrated a PowerPoint presentation, copies of which were included in the agenda materials. She and Mr. Werner responded to questions, and discussion ensued, regarding City department participation, collection and input of data, assigning value to the various measures, and annual review of the Board of Supervisors' strategic planning schedule. In response to a comment, Mr. Werner discussed the community evaluation portion of the strategic plan. In response to a question, Ms. Ritter provided background information on the Miami-Dade County, Florida performance measures model, which was researched to develop the City's model. In response to a further question, Mr. Werner and Ms. Ritter provided background information on the development of the City's mission statement. Discussion took

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place regarding the benefits of the performance measures and community involvement. Member Bertrand expressed an interest in “the numbers and ... the cost per unit ... and then have some benchmarks so that it’s more objective ... Because based on those results, ... you would then be taking a look at the processes and what could be changed in the processes to help the costs.” Corresponding discussion followed, and Ms. Ritter reviewed the departmental strategy mapping process from which program scorecards are developed. In conjunction with a displayed slide, she provided an overview of a Sheriff’s Department program level scorecard.

In response to a question, Mr. Werner advised of the need for the committee to discuss processes and controls. In response to a question, Mr. Providenti discussed the role of the external auditor relative to internal controls. Discussion took place regarding the committee’s role in development of the performance measures process and the internal audit budget. Member Bertrand expressed an interest in considering a dual function for the internal auditor to work on “some of the traditional” tasks such as risk assessments as well as working on the performance measures process relative to the City’s mission statement and strategic plan. He expressed the understanding that the committee’s role is “dual ... and ... that’s a good place for us to be; that we’re just not into the internal controls but the efficiency as well.”

**7. DISCUSSION AND POSSIBLE ACTION ON THE ROLE OF THE CITY’S INTERNAL AUDIT FUNCTION, INCLUDING DISCUSSION OF GOALS AND/OR OBJECTIVES FOR THE AUDIT COMMITTEE (1-1167)** - In response to a question, Mr. Werner reviewed the previous process for selecting and contracting with an internal auditor. In response to a further question, he suggested determining the mechanism by which to identify the area “that you’d want to drill down into and test the numbers.” He expressed the opinion “it needs to be an independent body because right now we have nobody that’s doing that.” He clarified that the Internal Finance Committee and the external auditor review various procedures. “... but ... that was the purpose of having an internal auditor and then the audit committee to kind of point that internal auditor to areas ...” Mr. Providenti reviewed Finance Department staff’s responsibilities relative to review of time sheets and budgets. In response to a question, Mr. Werner suggested that the committee make a recommendation to the Board of Supervisors relative to the method by which to select and hire an internal auditor. Extensive discussion followed and, in response to a further question, Mr. Werner and Mr. Providenti discussed issues of noncommunication from the previous contract internal auditor. Additional discussion took place regarding whether to hire an internal auditor as a City employee or on a contract basis, and the internal auditor’s direct report.

In response to a question, Mr. Providenti discussed the external auditor’s function in consideration of the recent lack of an internal auditor. Based on the previous discussion, Ms. Ritter offered to draft alternatives to address development of a framework relative to performance evaluation, internal controls, and working with the external auditor. Additional discussion indicated consensus of the committee to meet on a monthly basis for the time being. Vice Chairperson Brown entertained a motion. **Member Prowse moved that the committee meet again in approximately 30 days and, at that meeting, Ms. Ritter will provide options in terms of utilizing an internal auditor(s) to help evaluate the new strategic plan. Member Bertrand seconded the motion. Motion carried 5-0.** A brief discussion took place regarding the next meeting date, and consensus of the committee was to schedule Tuesday, July 19<sup>th</sup>.

With regard to the City Code, Member Bertrand suggested “reaffirm[ing] ... the role and the function of the committee” as set forth therein. Member Prowse suggested agendizing election of committee chair and vice chair at the next meeting. Mr. Werner requested the committee members to contact the City

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Manager's Office with suggestions for future agenda items. In response to a question, Member McKenna explained the committee's role and function.

**8. ACTION TO ADJOURN (1-1908)** - Member Parvin moved to adjourn the meeting. Member Prowse seconded the motion. Motion carried 5-0.

The Minutes of the June 14, 2011 Carson City Audit Committee meeting are so approved this \_\_\_\_\_ day of September, 2011.

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KEN BROWN, Vice Chair