

CARSON CITY AUDIT COMMITTEE (AC)
Minutes of the September 7, 2021 Meeting
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A regular meeting of the Carson City Audit Committee was scheduled for 1:30 p.m. on Tuesday, September 7, 2021 in the Community Center Robert “Bob” Crowell Board Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Pro Tem Lori Bagwell
Member Margaret Molina
Member James Wells

STAFF: Sheri Russell, Chief Financial Officer
Stephanie Hicks, Deputy City Manager (via WebEx)
Mihaela Neagos, Deputy District Attorney
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

(1:34:27) – Chairperson Pro Tem Bagwell called the meeting to order at 1:34 p.m. Roll was called, and a quorum was present. Chairperson Ferguson and Member Mayhorn were absent for this meeting.

3. PUBLIC COMMENT:

(1:34:43) – Chairperson Pro Tem Bagwell entertained public comments; however, none were forthcoming.

4. FOR POSSIBLE ACTION: APPROVAL OF MINUTES – JUNE 22, 2021

(1:35:00) – Chairperson Pro Tem Bagwell introduced the item and entertained comments, questions, and a motion.

(1:35:14) – MOTION: Member Wells moved to approve the June 22, 2021 meeting minutes as presented. Member Molina seconded the motion. The motion carried 3-0-0.

5. FOR POSSIBLE ACTION: ADOPTION OF AGENDA

(1:35:31) – Ms. Russell noted that there were no changes to the agenda.

6. AGENDA ITEMS

6.A 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.

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(1:35:39) – Chairperson Pro Tem Bagwell introduced the item. Ms. Russell referenced the Staff Report and the accompanying documents, all of which are incorporated into the record, and responded to clarifying questions.

(1:37:33) – In response to Chairperson Pro Tem Bagwell’s question, Ms. Russell indicated that the department heads would be tasked with determining if the low usage vehicles were needed or if the department heads could possibly share with another department. Chairperson Pro Tem Bagwell was concerned about allowing a report to “languish somewhere,” and she wished to have the final report presented to the Board of Supervisors (BOS) for an “executive look” along with the Capital Improvement Plan (CIP), which Ms. Russell was in favor of. Member Wells agreed that some justification for maintaining the low utilization vehicle was warranted and should have some higher-level review.

(1:42:23) – Chairperson Pro Tem Bagwell entertained a motion to close Item #3 of the Fleet Management audit with the changes on the record, including the addition of an annual review of the report by the BOS.

(1:42:37) – MOTION: Member Wells so moved. Member Molina seconded the motion. The motion carried 3-0-0.

6.B FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE REVIEW OF AGREED UPON PROCEDURES SUGGESTED BY EIDE BAILLY REGARDING THE CARSON CITY BUILDING DIVISION AND ANY OTHER PROCEDURES THAT WERE APPROVED AS PART OF THE FISCAL YEAR (“FY”) 2022 AUDIT WORK PROGRAM.

(1:42:58) – Chairperson Pro Tem Bagwell introduced the item. Per NRS 281A.420, she read into the record a prepared disclosure statement, advised of no disqualifying conflict of interest, and noted that she would be voting on this item. Eide Bailly LLP Senior Manager Audrey Donovan presented the document titled *Insourcing vs. Outsourcing of Building Division Activities Audit Program*, which is incorporated into the record. She also entertained Member discussion on the matter and responded to clarifying questions.

(1:54:29) – Member Wells commented about the problems he has had over the past two years, as someone who has a business license, due to receiving bills late and not being notified of payments that were due. Chairperson Pro Tem Bagwell acknowledged how the City was missing out on revenue and identification of businesses while the business community was experiencing frustration over wanting to do the right thing.

(1:57:04) – Eide Bailly LLP Manager of Cybersecurity Business Development Alex Brown informed the Committee about the follow-up activity that will occur from the Internal and External Vulnerability Assessment, which was executed during the previous year. He explained that, through the End-User Vulnerability Assessment, Eide Bailly LLP would be testing the controls on the machines and ensuring that the procedures and technical controls in place on the end-user machines are adequate in maintaining network security relating to such concerns as malicious software and accessing users’ accounts. Mr. Brown and Nathan Kramer from Eide Bailly LLP responded to clarifying questions. In response to Carson City Chief Information Officer Frank Abella’s question, Mr. Brown confirmed that the End-User Vulnerability Assessment would be strictly internal.

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(2:03:43) – MOTION: Member Wells moved to direct Eide Bailly LLP and Staff to perform the agreed-upon procedures as discussed. Member Molina seconded the motion. The motion carried 3-0-0.

6.C FOR PRESENTATION ONLY: DISCUSSION REGARDING FISCAL YEAR (“FY”) 2022 AUDIT WORK PROGRAM UPDATE AND HOTLINE ACTIVITY.

(2:04:08) – Chairperson Pro Tem Bagwell introduced the item. Ms. Donovan reported that, based on the Citywide Payroll process that was executed from the last AC meeting, Eide Bailly LLP had been working closely with the Finance and Accounting Department to acquire system access so several of the activities could be done remotely and prevent “so much disruption and touch points with [Ms. Russell’s] team and the activities that go on.” She stated that, with that system access, Eide Bailly LLP was able to do approximately 80 to 90 percent of the work through the system, and Eide Bailly LLP was “more than halfway through the fieldwork.” She anticipated finishing with the process by September 15, 2021, after which Eide Bailly LLP will begin drafting the findings and writing the report, and Ms. Donovan expected the Building Division engagement to launch during the October/November timeframe. She also indicated that an incident was reported to the Fraud, Waste, and Abuse Hotline regarding an individual that was renting business space that was not obtaining the necessary permits and information needed to build out the space the way that the individual would need to run the business, and Ms. Donovan added that she would work directly with the Building Division on this matter.

6.D FOR DISCUSSION ONLY: DISCUSSION REGARDING DATES FOR THE NEXT MEETING OF THE AUDIT COMMITTEE.

(2:07:38) – Chairperson Pro Tem Bagwell introduced the item, and based on the meeting dates suggested by Ms. Russell, the consensus among the Members was to tentatively schedule the next AC meeting for December 7, 2021 at 1:30 a.m.

7. PUBLIC COMMENT

(2:08:51) – Chairperson Pro Tem Bagwell entertained public comments; however, none were forthcoming.

8. FOR POSSIBLE ACTION: TO ADJOURN

(2:09:14) – Chairperson Pro Tem Bagwell adjourned the meeting at 2:09 p.m.

The Minutes of the September 7, 2021 Carson City Audit Committee meeting are so approved this day 7th of December 2021.