

## **CARSON CITY AUDIT COMMITTEE (AC)**

### **Minutes of the December 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, December 7, 2021 in the Community Center Robert “Bob” Crowell Board Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Stephen Ferguson  
Member Lori Magwell  
Member Ernie Mayhorn  
Member James Wells

**STAFF:** Sheri Russell, Chief Financial Officer  
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**

(1:32:32) – Chairperson Ferguson called the meeting to order at 1:34 p.m. Roll was called, and a quorum was present. Member Molina was absent during this meeting.

#### **3. PUBLIC COMMENT:**

(1:32:52) – Chairperson Ferguson entertained public comments; however, none were forthcoming.

#### **4. FOR POSSIBLE ACTION: APPROVAL OF MINUTES – SEPTEMBER 7, 2021**

(1:33:36) – Chairperson Ferguson introduced the item and entertained comments, questions, and a motion.

**(1:33:55) – MOTION: Member Bagwell moved to approve the September 7, 2021 meeting minutes as presented. Member Wells seconded the motion. The motion carried 4-0-0.**

#### **5. FOR POSSIBLE ACTION: ADOPTION OF AGENDA**

(1:34:11) – 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 CITYWIDE PAYROLL PROCESS INTERNAL AUDIT AND RECOMMENDATIONS.**

(1:34:22) – Chairperson Ferguson introduced the item. Eide Bailly LLP Senior Manager Audrey Donovan and Eide Bailly Manager Nick Sidikovich, both appearing remotely via WebEx, referenced the Staff Report and the

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accompanying documents, all of which are incorporated into the record. Mr. Sidikovich, Ms. Donovan, and Ms. Russell also responded to clarifying questions throughout discussion on the item.

**(2:13:00) – MOTION: Member Mayhorn moved to approve the Citywide Payroll Process Internal Audit Report and direct Staff to work on the recommendations as discussed. Member Bagwell seconded the motion. The motion carried 4-0-0.**

#### **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.**

(2:13:20) – Chairperson Ferguson introduced the item. Ms. Russell referenced the Staff Report and the Audit Findings Tracking Report, both of which are incorporated into the record.

(2:16:36) – Chairperson Ferguson entertained Member questions, comments, and a motion.

**(2:16:45) – MOTION: Member Wells moved to close Revenue Accounts Receivable Item #1 and Payroll Item #2 based on the correction of findings and recommendations included in the Audit Findings Tracking Report. Member Bagwell seconded the motion. The motion carried 4-0-0.**

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

(2:17:03) – Chairperson Ferguson introduced the item. Ms. Donovan reported on the following updates:

- A couple audits were approved to move forward in the proposed Internal Audit Plan.
- Eide Bailly LLP had recently delivered the Citywide Payroll Process on time and on budget.
- Eide Bailly LLP began working on the “Insourcing Versus Outsourcing of the Building Division’s Activities” that will include the permitting inspections [and] billing/revenue, and the “planning process,” which includes the initial round of interviews and data gathering, has started. Additionally, the expectation was for the report to be delivered in approximately April 2022 or May 2022.
- The IT Vulnerability follow up was scheduled for April 2022, and Eide Bailly LLP would be in contact with the IT group in March 2022.
- Eide Bailly LLP had “earmarked” 20 hours for follow-up activities and five hours for the Fraud, Waste, and Abuse Hotline.
- The American Rescue Plan Act (ARPA) subject matter expert had set aside funds to discuss different questions with the City as needed.
- There were six cases that were opened through the Fraud, Waste, and Abuse Hotline, which were all internal incidences related to Human Resources (HR), and all the cases were forwarded to the City

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Manager, Nancy Paulson, to be resolved.

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

(2:21:08) – Chairperson Ferguson 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 March 8, 2021 at 1:30 a.m.

**7. PUBLIC COMMENT**

(2:23:04) – Chairperson Ferguson entertained public comments. Ms. Russell introduced Bonnie Duke as the newly appointed AC Member and noted that she would be participating in the March 2022 AC meeting.

(2:23:26) – Member Bagwell indicated that she would request for someone else to be considered for the AC besides herself during the January 2022 Carson City Board of Supervisors (BOS) meeting. She added that she has enjoyed working with everyone involved with the Committee, and she commented that she was “super excited to have such an engaged Audit Committee. I don’t think other communities are that lucky, from both an internal review and an external review.” She was proud that the Carson City AC “takes it very seriously” in regards to how the government is operating.

**8. FOR POSSIBLE ACTION: TO ADJOURN**

(2:25:50) – Chairperson Ferguson adjourned the meeting at 2:25 p.m.

The Minutes of the December 7, 2021 Carson City Audit Committee meeting are so approved this day 8<sup>th</sup> of March 2022.