

CARSON CITY AUDIT COMMITTEE (AC)
Minutes of the September 19, 2023 Meeting
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A regular meeting of the Carson City Audit Committee was scheduled for 1:30 p.m. on Tuesday, September 19, 2023 in the Community Center Robert “Bob” Crowell Board Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Lisa Schuette
Vice Chair David Lambin
Member Bonnie Duke
Member Joseph Scalia

STAFF: Sheri Russell-Benabou, Chief Financial Officer
Frank Abella, Chief Information Officer
Mihaela Neagos, Deputy District Attorney
Hope Mills, Chief Deputy Clerk
Minutes by: Briana Munoz, 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. CALL TO ORDER

(1:30:22) – Chairperson Schuette called the meeting to order at 1:30 p.m.

2. ROLL CALL

(1:30:30) – Roll was called, and a quorum was present. Member Laura Chavez was absent from this meeting.

3. PUBLIC COMMENT AND DISCUSSION:

(1:30:43) – Chairperson Schuette entertained public comments; however, none were forthcoming.

4. FOR POSSIBLE ACTION: APPROVAL OF MINUTES

4.A JUNE 16, 2023

(1:30:53) – Chairperson Schuette introduced the item and entertained comments or a motion.

(1:31:10) – MOTION: Member Scalia moved to approve the June 16, 2023 meeting minutes as presented. Vice Chair Lambin seconded the motion. The motion carried 4-0-0.

5. MEETING ITEMS

5.A FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE REVIEW OF THE CARSON CITY CLERK'S OFFICE INTERNAL AUDIT, FINDINGS AND RECOMMENDATIONS.

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(1:31:37) – Chairperson Schuette introduced the item. Ms. Russell-Benabou introduced Eide Bailly Senior Manager Audrey Donovan to provide an overview on the report and findings.

(1:32:19) – Ms. Donovan introduced Eide Bailly Partner Richard McRae. Mr. McRae referenced the Risk Advisory Services Information Technology (IT) Review Report, which is incorporated into the record, and provided a summary of the results.

(1:39:13) – MOTION: Member Duke moved to approve the report and direct staff to work on the recommendations as discussed. Member Scalia seconded the motion. The motion carried 4-0-0.

5.B FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE REVIEW OF THE CARSON CITY GRANTS COMPLIANCE INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS.

(1:39:39) – Chairperson Schuette introduced the item. Ms. Donovan introduced Eide Bailly Senior Associate Cathy Villamar. Ms. Donovan referenced the Staff Report, the Carson City Grants Compliance Internal Audit, and provided an overview on the Audit Results, Findings, and Recommendations, all of which are incorporated into the record.

(1:47:22) – Member Duke said managing grants was “like herding cats” and stated that she appreciated the report.

(1:48:30) – MOTION: Member Duke moved to approve the report and direct staff to work on the recommendations as discussed. Vice Chair Lambin seconded the motion. The motion carried 4-0-0.

5.C 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.

(1:48:58) – Chairperson Schuette introduced the item. Ms. Russell-Benabou referenced the Staff Report and the Audit Findings Summary, both of which are incorporated into the record. She recommended closing the following items:

- Utility Billing Process Item #1, which involved Tyler Munis conversion issues that had been resolved.
- Utility Billing Process Item #8, which involved reducing billing costs by sending electronic bills instead of paper bills. Ms. Russell-Benabou noted that the Treasurer’s Office and Public Works Department will continue to encourage customers to sign up for electronic billing.
- Grants Compliance Internal Audit Item #1 Subcategory III, which involved implementing an oversight mechanism to the grants management process. Ms. Russell-Benabou stated that the City currently obtains an oversight mechanism through Munis where grants are inputted. She added that the spreadsheet will be updated more frequently.

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(1:53:41) – In response to Chairperson Schuette’s question, Ms. Russell-Benabou confirmed that the spreadsheet will be reviewed quarterly rather than annually and will provide a “bird’s eye view” on grants obtained. She also responded to clarifying questions. Ms. Russell-Benabou recommended closing the following:

- Grants Compliance Internal Audit Item #1 Subcategory IV, which involved working with the IT Department to implement a tracking system and develop a dashboard for managing grants. Ms. Russell-Benabou recommended closing the item and utilizing the spreadsheet as a dashboard to manage grants until enough funds were available to develop a tracking system.
- Grants Compliance Internal Audit Item #1 Subcategory V, which involved working with IT and Munis to configure the current Grants Module. Ms. Russell-Benabou mentioned that the use of the Project Management Module was more useful for document storage than the Grants Module and recommended closing the item.
- Grants Compliance Internal Audit Item #2, which included ensuring all personnel involved with grants receive necessary training. Ms. Russell-Benabou noted that this would require an additional full-time employee in the Finance Department to track grant management training citywide and recommended closing the item since there were not enough funds to hire an additional full-time employee. She stated that each department director is responsible for ensuring their employees are properly trained. Ms. Russell-Benabou added that the Finance Department would serve as “a back-up” for department directors to find training if needed.
- Clerk’s Office Internal Audit Item #1, which involved placing a formal risk management program over IT. Ms. Russell-Benabou stated that the Cybersecurity and Infrastructure Security Agency (CISA)’s Cybersecurity Self-Assessment was an example of a formal risk assessment.

(2:03:21) – Mr. Abella said that IT communicates with CISA on an almost weekly basis. Ms. Russell-Benabou suggested closing the following items:

- Clerk’s Office Internal Audit Item #2, which involved implementing a 90-day password change policy that was now set up.
- Clerk’s Office Internal Audit Item #7, which included executing a centralized data loss prevention tool.

(2:04:15) – Mr. Abella stated that data loss prevention tools were in place, but the centralized data prevention tool had not been fully implemented and would likely be completed by the end of September 2023. Ms. Russell-Benabou suggested modifying the estimated completion date of the Clerk’s Office Internal Audit Item #7 to September 30, 2023.

(2:06:34) – Referring to Grants Compliance Internal Audit Item #2, Vice Chair Lambin stated that there should be oversight to ensure that new personnel are grasping what they learn during training.

(2:07:39) – Ms. Russell-Benabou clarified that the Finance Department does not have an additional full-time employee to provide oversight. She added that department directors are responsible for ensuring their employees are properly trained. Ms. Russell-Benabou responded to clarifying questions.

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(2:12:23) – MOTION: Member Duke 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, with the exception of Clerk’s Office Internal Audit Item #7, as discussed on the record. Member Scalia seconded the motion. The motion carried 4-0-0.

5.D FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE CASH HANDLING INTERNAL AUDIT PROGRAM AND THE ACCOUNTS PAYABLE AND PROCUREMENT CARD INTERNAL AUDIT PROGRAM SUGGESTED BY THE CARSON CITY INTERNAL AUDITOR EIDE BAILLY, LLP FOR THE FISCAL YEAR ("FY") 2024 AUDIT WORK PROGRAM.

(2:14:11) – Chairperson Schuette introduced the item. Ms. Russell-Benabou referenced the Staff Report, which is incorporated into the record, and turned the item over to Ms. Donovan.

(2:15:30) – Ms. Donovan referenced the Cash Handling Internal Audit Program FY 23/24 and the Accounts Payable and Procurement Card Internal Audit Program FY 23/24, both of which are incorporated into the record. She provided an overview on the Cash Handling, Accounts Payable, and Procurement Card programs and the agreed upon procedures for each.

(2:18:26) – Chairperson Schuette noted that the plan looked “excellent.”

(2:18:48) – MOTION: Member Scalia moved to direct Eide Bailly and staff to proceed Cash Handling and the Accounts Payable and Procurement Card Internal Audit Programs, including agreed upon procedures as discussed on the record. Member Duke seconded the motion. The motion carried 4-0-0.

5.E FOR DISCUSSION ONLY: DISCUSSION REGARDING FISCAL YEAR (“FY”) 2023 AND 2024 AUDIT WORK PROGRAMS UPDATE AND HOTLINE ACTIVITY.

(2:19:16) – Chairperson Schuette introduced the item. Ms. Donovan reported on the following updates:

- There had not been any activity on the Fraud, Waste, and Abuse Hotline.
- An update on the following budget areas:
 - Internal Audit related activities. Ms. Donovan noted that funds had not been expended from the amount allocated to Internal Audit related activities and \$16,375 remains. She referred to the FY 2023/2024 Proposed Internal Audit and noted that the first engagement was closed out.
 - The DEVNET System for the Assessor’s Office
 - The Cash Handling Internal Audit Program
 - The Accounts Payable and the Purchasing Card transaction
- Roughly \$30,000 of the \$110,000 budget had been expended.

5.F FOR DISCUSSION ONLY: DISCUSSION REGARDING DATES FOR THE NEXT MEETING OF THE AUDIT COMMITTEE.

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(2:23:24) – Chairperson Schuette introduced the item. Ms. Russell-Benabou suggested scheduling the next meeting on January 2 or January 9, 2024. Members agreed to tentatively schedule the next AC meeting on January 9, 2024.

6. PUBLIC COMMENT

(2:24:41) – Chairperson Schuette entertained public comments; however, none were forthcoming.

7. FOR POSSIBLE ACTION: TO ADJOURN

(2:24:52) – Chairperson Schuette adjourned the meeting at 2:24 p.m.

The Minutes of the September 19, 2023 Carson City Audit Committee meeting are so approved this day 9th of January 2024.