**6. "DISCUSSION AND POSSIBLE ACTION TO CHANGE THE CHARTER, SECTION 3.075, AUDIT COMMITTEE - INTERNAL AUDITOR; APPOINTMENT, COMPENSATION, DUTIES; (A) RECOMMEND CHANGE TO CHARTER; (B) RECOMMEND BALLOT QUESTION; (C) RECOMMENDATIONS TO THE BOARD OF SUPERVISORS."** (2:33:55) - Chairperson DePauw introduced this item, and referenced the agenda materials. In response to a question, Mr. Munn reviewed the proposed language as included in the agenda materials. "So, essentially, it just codifies the current system." Chairperson DePauw entertained questions or comments of the committee members. In response to a question, Mr. Werner expressed ambivalence relative to the proposed amendment, noting that the Audit Committee is currently appointed by the Board of Supervisors as an advisory body. He advised that the internal auditor is mandated by charter, and the Board selects the internal auditor. He suggested that Mr.

Prowse proposed for the internal auditor to report to the Audit Committee which, in turn, would report to the Board of Supervisors. Mr. Werner expressed the opinion that the current mechanism works well, and concern that "sometimes the more things we add into the Charter, the less flexibility the Board has. It seems to be working fine now. ... the Board themselves may wish, at some point, to direct the internal auditor to do something ... that even the Audit Committee didn't have a chance to weigh in on and ... that's probably their right ... since the internal auditor works for them." Mr. Werner expressed concern that the proposed amendment may create confusion relative to authority and responsibility.

Member Joiner expressed the opinion that the proposed amendment provides "a better check and balance than having everything directed from the Board of Supervisors," and support for the same. Member MacKenzie expressed concern over the breadth of the provisions proposed by Section 3.075(3)(b). Mr. Munn advised that the language was proposed by Mr. Prowse relative to performance audits rather than financial audits. Mr. Werner agreed, and explained that an outside auditor conducts the City's financial audits. The internal auditor considers processes, procedures, internal controls, "those kinds of things that might come up during ... the time of doing a risk assessment." In response to a question, Mr. Werner was uncertain as to associated costs if the Audit Committee's authority was to be changed. In response to a question, Mr. Munn reviewed the provisions of Section 3.075(1) relative to the purview of the Audit Committee.

Chairperson DePauw noted there were no other citizens present in the meeting room, and entertained a motion. **Member Allen moved to not change Section 3.075 of the Charter relative to the Audit Committee. Member MacKenzie seconded the motion.** Chairperson DePauw requested a roll call vote. **Members Messina, MacKenzie, Allen, Vice Chair Robertson - No; Members Lincoln, Joiner, Fregulia, Barnett, Chair DePauw - Yes. Motion failed 4-5.** Following Mr. Munn's direction, Chairperson DePauw entertained a motion. **Member Joiner moved to recommend to the Board of Supervisors to accept the compensation and duties, appointment, of the internal auditor position, as recommended. Member Lincoln seconded the motion.** Chairperson DePauw requested a roll call vote. **Members Messina, MacKenzie, Allen, Vice Chair Robertson - No; Members Lincoln, Joiner, Fregulia, Barnett, Chair DePauw - Yes. Motion carried 5-4.**

**Sec. 3.075 – Audit Committee - Internal auditor: Appointment; compensation; duties.**

1. The board shall by ordinance create, appoint and provide for the purpose and responsibilities of a Carson City Audit Committee consisting of five (5) members, one (1) member from the board of supervisors and four (4) members from the at-large residents of Carson City. The at-large terms shall be for staggered two (2) year terms and the board member's term shall be coterminous with the member's term in office. The committee shall be advisory to the board.

2. The board shall appoint a part-time or full-time internal auditor and fix his compensation. The internal auditor shall report directly to the committee in performing audits subject to the approval of the board.

[~~2.~~] 3. The internal auditor shall:

(a) Investigate each office and department of Carson City to determine compliance with the [~~accounting procedures manual~~] Carson City Municipal Code, the Nevada Revised Statutes, the Nevada Administrative Code, applicable federal laws and regulations and generally accepted accounting principles.

(b) Recommend changes in [~~accounting procedures which would, in the opinion of the internal auditor, improve efficiency of internal controls~~] Carson City municipal operations, both financial and non-financial, based upon audits performed in compliance with professional audit standards.

(c) Conduct special investigations at the direction of the Audit Committee or as directed by the board into any financial matter of any office or department of Carson City.

(d) Perform other duties as directed by the Audit Committee or as directed by the board.