



**CARSON CITY CONSOLIDATED MUNICIPALITY  
NOTICE OF MEETING OF THE  
CARSON CITY AUDIT COMMITTEE**

**Day:** Tuesday  
**Date:** April 22, 2014  
**Time:** Beginning at 8:30 a.m.  
**Location:** Community Center, Sierra Room  
851 East William Street  
Carson City, Nevada

## **Agenda**

**1. Call to Order**

**2. Roll Call**

**3. Public Comments and Discussion:**

The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of, the Carson City Audit Committee. In order for members of the public to participate in the Committee's consideration of an agenda item, the Committee strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

**4. For Possible Action: Approval of Minutes - February 11, 2014**

**5. For Possible Action: Adoption of Agenda**

**6. For Possible Action: Presentation, discussion and possible direction to staff regarding the draft Agreed Upon Procedures (AUP) Report on internal controls for the Carson City Public Guardian as prepared by Kafoury Armstrong and Co. as of and for the year ending June 30, 2013.**

Summary: Kafoury Armstrong was hired to perform an AUP Report to assist the Mayor and the City Manager in evaluating the internal controls over cash handling at the office of the Public Guardian for Carson City. Marena Works will be presenting to the Audit Committee a draft of the Kafoury Armstrong report and Dan Carter of Kafoury Armstrong will be available to answer any questions.

**7. For Possible Action: Discussion and possible action regarding the presentation, discussion and possible recommendations to the Board of Supervisors on the Performance Metrics Development final report as provided by Moss Adams.**

Summary: The Board of Supervisors approved Performance Metrics Development at their July 18, 2013 Board meeting. Moss Adams will present a draft of the report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

8. For Possible Action: Discussion and possible action regarding presentation, discussion and possible recommendations to the Board of Supervisors on the Fraud Waste and Abuse (FWA) Program final report as provided by Moss Adams.

Summary: The Board of Supervisors approved the Fraud Waste and Abuse Program at their July 18, 2013 Board meeting. Moss Adams will present a draft of the report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

9. Discussion: Update on the Fraud Waste and Abuse (FWA) Program activity.

Summary: Members of Moss Adams will be discussing and providing updates on the status of the Fraud Waste and Abuse (FWA) Program activity.

10. For Possible Action: Discussion and possible action regarding monitoring of Audit Finding Response Tracking Report and possible direction to the internal auditor to report and discuss the monitoring with the Board of Supervisors.

Summary: Representatives from Moss Adams and City staff will discuss Audit Findings Monitoring.

11. For Possible Action: Discussion and possible action to identify, discuss, and provide recommendations to the Board of Supervisors on additional projects to be performed by the Internal Auditor for the period ending June 30, 2015.

Summary: Moss Adams will provide recommendations for future internal audits for the period ending June 30, 2015.

12. For Possible Action: To appoint one member of the Audit Committee to act as liaison to communicate with the external auditor.

Summary: CCMC Chapter 2.14 requires the Audit Committee have an “open line of communication” with the external auditor. The appointed committee member can report back to the Chair and/or the Audit Committee and communications they would have with the external auditor and if they have concerns, they could talk to the Chair and if warranted, have a future agenda item to discuss their concerns with the Audit Committee and make any necessary recommendations to the Board of Supervisors.

13. For Possible Action: To schedule the next meeting of the Carson City Audit Committee

14. **Public Comment** - The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

15. **For Possible Action: To Adjourn**

.....  
*Agenda Management Notice - Items on the agenda may be taken out of order; the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.*  
.....

*Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the responsible agency or the City Manager’s Office. You are encouraged to attend this meeting and participate by commenting on any agenda item.*  
.....

*Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the City Manager's Office in writing at 201 North Carson Street, Carson City, NV, 89701, or by calling (775) 887-2100 at least 24 hours in advance.*

.....  
*This meeting can be viewed on Channel 226. For specific dates and times - [www.bactv.org](http://www.bactv.org).*

.....  
*To request a copy of the supporting materials for this meeting contact  
Rachael Porcari at [rporcari@carson.org](mailto:rporcari@carson.org) or call (775) 887-2100.*

.....  
*This agenda and backup information are available on the City's website at [www.carson.org](http://www.carson.org),  
and at the City Manager's Office - City Hall, 201 N. Carson Street, Ste 2, (775) 887-2100.*

.....  
This notice has been posted at the following locations:

Community Center 851 East William Street  
Public Safety Complex 885 East Musser Street  
City Hall 201 North Carson Street  
Carson City Library 900 North Roop Street  
Business Resource & Innovation Center (BRIC) 108 East Proctor Street

Date: April 10, 2014

**CARSON CITY AUDIT COMMITTEE**  
**Minutes of the February 11, 2014 Meeting**  
**Page 1**

**DRAFT**

A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, February 11, 2014 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Michael Bertrand  
Vice Chairperson Bill Prowse  
Member John Bullis  
Member John McKenna  
Member Mary Sanada

**STAFF:** Nickolas Providenti, Finance Department Director  
Andrew Burnham, Public Works 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 (3:01:33)** - Chairperson Bertrand called the meeting to order at 3:01 p.m. Roll was called; a quorum was present.

**3. PUBLIC COMMENTS AND DISCUSSION (3:01:53)** - Chairperson Bertrand entertained public comment; however, none was forthcoming.

**4. POSSIBLE ACTION ON APPROVAL OF MINUTES - October 8, 2013 and December 3, 2013 (3:02:32)** - Member McKenna moved to approve the minutes. Vice Chairperson Prowse seconded the motion. Motion carried 4-0-1, Member Sanada abstaining.

**5. POSSIBLE ACTION TO ADOPT THE AGENDA (3:04:01)** - Chairperson Bertrand entertained a motion to accept the agenda. Vice Chairperson Prowse so moved. Member Sanada seconded the motion. Motion carried 5-0.

**6. PRESENTATION AND DISCUSSION OF AUDIT RESULTS PREPARED BY KAFOURY, ARMSTRONG & CO., FOR THE YEAR ENDING JUNE 30, 2013 (3:04:15)** - Chairperson Bertrand introduced this item, and Kafoury, Armstrong & Co. Engagement Shareholder Dan Carter reviewed the agenda materials. He and Mr. Providenti responded to questions of clarification. Extensive discussion followed regarding the comprehensive annual financial report, and Chairperson Bertrand thanked Mr. Carter for his presentation.

**7. DISCUSSION AND PRESENTATION OF STATUS UPDATES BY MOSS-ADAMS, LLP OF THE FRAUD, WASTE, AND ABUSE ("FWA") PROGRAM, INCLUDING THE HOTLINE PROGRAM, AND PERFORMANCE METRICS DEVELOPMENT STUDY (3:40:38)** - Chairperson Bertrand introduced this item. Moss-Adams, LLP Planning and Policy Director Mark Steranka narrated a displayed presentation of the agenda materials, and responded to corresponding questions of clarification. Discussion followed, and Mr. Steranka reviewed the time table associated with finalizing the FWA program and the performance metrics development study.

**CARSON CITY AUDIT COMMITTEE**  
**Minutes of the February 11, 2014 Meeting**  
**Page 2**

**DRAFT**

**8. DISCUSSION AND POSSIBLE ACTION REGARDING MONITORING OF THE AUDIT FINDINGS RESPONSE TRACKING REPORT AND POSSIBLE DIRECTION TO THE INTERNAL AUDITOR TO REPORT AND DISCUSS THE MONITORING WITH THE BOARD OF SUPERVISORS (4:03:42)** - Chairperson Bertrand introduced and provided background information on this item. Moss-Adams, LLP Planning and Policy Director Mark Steranka reviewed the agenda materials in conjunction with displayed slides. He and Mr. Providenti responded to questions of clarification, and discussion followed. No formal action was taken.

**9. DISCUSSION AND POSSIBLE ACTION REGARDING THE PRESENTATION, DISCUSSION, AND POSSIBLE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS ON THE FLEET MANAGEMENT UTILIZATION STUDY, AS PROVIDED BY MOSS-ADAMS, LLP (4:25:46)** - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Planning and Policy Director Mark Steranka provided background information and an overview of the agenda materials. He introduced Greg Fassler of Municipal Fleet Consultants, who narrated a presentation of the fleet management utilization study, copies of which were included in the agenda materials. Mr. Fassler and Mr. Burnham responded to questions of clarification, and discussion ensued. Mr. Burnham agreed to develop an implementation plan for review at the next committee meeting.

Chairperson Bertrand entertained public comment and, when none was forthcoming, a motion. **Member McKenna moved to accept the presentation and ask the Public Works Department Director to return with possible recommendations on the fleet management utilization study, as provided by Moss-Adams. Member Bullis seconded the motion.** Member McKenna responded to questions regarding the intent of the motion, and discussion ensued. **Member McKenna withdrew his motion.** He characterized the fleet management utilization study recommendations as “a step forward. ... If this thing is implemented in five years, ... for the next fifty years, we'll be ahead of the game.” Additional discussion followed.

Chairperson Bertrand entertained a motion. **Vice Chairperson Prowse moved to accept the fleet management utilization study and forward the report to the Board of Supervisors. Member Sanada seconded the motion.** Chairperson Bertrand entertained discussion and, when none was forthcoming, called for a vote on the pending motion.

<b>RESULT:</b>	Approved [5 - 0]
<b>MOVER:</b>	Vice Chair Bill Prowse
<b>SECOND:</b>	Member Mary Sanada
<b>AYES:</b>	Prowse, Sanada, Bullis, McKenna, Bertrand
<b>NAYS:</b>	None
<b>ABSENT:</b>	None
<b>ABSTAIN:</b>	None

**10. POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE CARSON CITY AUDIT COMMITTEE (5:12:42)** - Chairperson Bertrand introduced this item and, following a brief discussion, consensus of the committee was to schedule the next meeting for Tuesday, April 22<sup>nd</sup> at 3:00 p.m.

**11. PUBLIC COMMENT (5:14:46)** - Chairperson Bertrand noted that there were no other citizens present in the meeting room.

**CARSON CITY AUDIT COMMITTEE**  
**Minutes of the February 11, 2014 Meeting**  
**Page 3**

**DRAFT**

**12. ACTION TO ADJOURN** (5:14:52) - Member McKenna moved to adjourn the meeting at 5:14 p.m. Vice Chairperson Prowse seconded the motion. Motion carried 5-0.

The Minutes of the February 11, 2014 Carson City Audit Committee meeting are so approved this \_\_\_\_\_ day of April, 2014.

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MICHAEL BERTRAND, Chair

**Carson City Audit Committee  
Agenda Report**

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Marena Works, Interim City Manager

**Subject Title:** For Possible Action: Presentation, discussion and possible direction to staff regarding the draft Agreed Upon Procedures (AUP) Report on internal controls for the Carson City Public Guardian as prepared by Kafoury Armstrong and Co. as of and for the year ending June 30, 2013.

**Summary:** Kafoury Armstrong was hired to perform an AUP report to assist the Mayor and the City Manager in evaluating the internal controls over cash handling at the office of the Public Guardian for Carson City. Marena Works will be presenting to the Audit Committee a draft of the Kafoury Armstrong report and Dan Carter of Kafoury Armstrong will be available to answer any questions.

**Type of Action Requested:** (check one)

(    ) Resolution

(    ) Ordinance

( X ) Formal Action/Motion

(    ) Other (Discussion Only)

**Does This Action Require A Business Impact Statement:** (    ) Yes ( X ) No

**Recommended Committee Action:** Will depend on the discussion.

**Explanation for Recommended Committee Action:** See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: None

Supporting Material: Independent Accountant's Report for Applying Agreed-Upon Procedures Report in evaluating the internal controls over cash handling at the office of the Public Guardian for Carson City, as of and for the year ending June 30, 2013.

Prepared By: Nick Providenti, Finance Director

Reviewed By: Unkai Abubakar  
(Finance Director)

Date: 4/14/14

Board Action Taken:

Motion:

\_\_\_\_\_

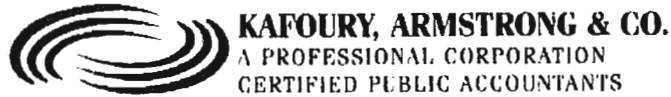
	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_  
(Vote Recorded By)



**CARSON CITY, NEVADA  
PUBLIC GUARDIAN  
AGREED-UPON PROCEDURES  
JUNE 30, 2013**

**DRAFT**



**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To Mayor Robert Crowell and  
Marena Works, Interim City Manager  
Carson City, Nevada

**DRAFT**

We have performed the procedures enumerated below, which were agreed to by Mayor Robert Crowell and Marena Works, Interim City Manager, of Carson City, Nevada (the City), solely to assist you in evaluating the internal controls over cash handling at the office of the Public Guardian for Carson City, as of and for the year ended June 30, 2013. The City's management is responsible for the internal controls over cash handling. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure:

Review the general bond filed with the County Clerk pursuant to NRS 253.160.

Finding:

We reviewed the General Bond; in which the bond amount was \$10,000; however, no Public Guardian signature was noted on the General Bond.

2. Procedure:

Review the financial and other records maintained by the Public Guardian pursuant to NRS 253.190 for propriety.

Finding:

**DRAFT**

Initially records could not be found, for one of the six cases sampled, from June 2012 through August 2012, totaling \$19,000.61. Subsequently the records were found by the Public Guardian staff and the amount was substantiated.

The findings noted below are referred to in Procedure 7 as well:

No invoices were noted for payment of facility rent, totaling \$21,390.88 and a payment to Carson City, totaling \$18.00; although, copies of checks for these payments were retained in the cases' respective files.

No support for receipt of a donation to the Public Guardian Office or support for the expenses of said donation in an amount totaling \$466.57.

3. Procedure:

Inquire as to, and review, any reports or budgets made by the Public Guardian pursuant to NRS 253.245 for propriety.

Finding:

Inquired of the Public Guardian concerning reports or budgets made by the Public Guardian pursuant to NRS 253.245 and reviewed the "Carson City Budget Augmentation for the Fiscal Year Ending June 30, 2013" and the "Budget Allocation Inquiry" for Fiscal Year 2013.

4. Procedure:

Identify the cases being administered by the Public Guardian and identify the receipts and disbursements of each case.

Finding:

See Attachment A.

5. Procedure:

Review current financial policies and procedures (including internal controls) regarding cash handling (including receipt and disbursement of funds), and the bank account reconciliation process and identified key internal controls in place, or lack thereof.

Finding:

While general policies and procedures are in place for the Guardian's duties and responsibilities, no written policies and procedures were noted for cash handling or bank account reconciliation.

DRAFT

We noted a lack of segregation of duties within the Public Guardian Office. The Public Guardian is the Public Guardian for all cases and is the only person authorized to open a bank account for a new case, set-up direct deposit for a new case, utilize the P-Card, sign cases' checks, deposit checks the Public Guardian signs made payable to "cash" and make deliveries of cash to cases (although other staff may deliver). In addition, the Public Guardian reconciles the P-Card statement and has the ability to record transactions in QuickBooks.

All employees, including part-time general staff, have access to record transactions in QuickBooks, deposit checks, and reconcile the bank statements. These are not reviewed by anyone.

Public Guardianship fees for hours worked on cases are not maintained.

An investment account was noted in Carson City's name, "Carson City Public Guardian GD Est Laura Eileen Williams", in the amount of \$533,489.91 as of March 31, 2012 (latest statement noted in case's file).

Petty cash is funded through direct donations.

Envelopes of cash were observed in the petty cash box for two cases.

6. Procedure:

From the population of transactions occurring from July 1, 2012 through June 30, 2013, select a sample of receipt and disbursement transactions to determine that the transactions are properly recorded and consistent with key internal controls in place, if any.

Finding:

No findings noted; other than lack of internal controls, see findings from Procedure 5 above.

7. Procedure:

For the sample of transactions from Procedure 6 above, perform a test of transactions to determine if amounts disbursed are supported by adequate documentation, transactions have been recorded correctly, and that reconciliations of accounts are being performed and reviewed in a timely fashion.

Finding:

During transaction testing, of which the sample amount totaled \$204,404.32, the following items were noted:

**DRAFT**

Facility Rent payments, totaling \$33,896.58, differed from the facility invoices, totaling \$33,320.54, a difference of \$575.04.

Various vendor payments, totaling \$2,431.05, differed from invoices, totaling \$419.95, a difference of \$2,011.10; through inquiry of Public Guardian it was determined certain amounts are prepaid. We reviewed the following month vendor payments which indicated credits and no payment noted until credit was utilized.

The findings noted below are referred to in Procedure 2 as well:

No invoices were noted for payment of facility rent, totaling \$21,390.88 and a payment to Carson City, totaling \$18.00; although, copies of checks for these payments were retained in the cases' respective files.

No support for receipt of a donation to the Public Guardian Office or support for the expenses of said donation in an amount totaling \$466.57.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the internal controls over cash handling at the office of the Public Guardian for Carson City. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Mayor Robert Crowell and Marena Works, Interim City Manager of Carson City, Nevada and is not intended to be and should not be used by anyone other than those specified parties.

Reno, Nevada  
April XX, 2014

**Carson City Agreed-Upon Procedures Report  
Attachment A**

**DRAFT**

The following are summarized receipts and disbursements for open cases for the period July 1, 2012 through June 30, 2013:

	<u>Receipts</u>	<u>Disbursements</u>
1	3,652.58	857.00
2	4,028.00	4,647.85
3	54,565.93	55,812.93
4	28,212.57	26,854.84
5	10,662.06	10,337.81
6	1,743.46	604.19
7	8,280.00	8,010.00
8	2,442.01	3,281.04
9	36,169.26	36,054.03
10	67,375.02	52,547.28
11	14.92	45,227.35
12	9,336.00	9,320.09
13	330.00	732.00
14	9,861.81	8,869.43
15	24,300.47	20,770.83
16	9,677.90	9,348.00
17	7,693.81	5,805.00
18	14,187.83	14,522.27
19	11,145.00	10,650.63
20	22,896.00	25,295.74
21	23,670.00	23,775.86
22	12,362.81	12,105.66
23	14,982.00	14,659.20
24	29,713.31	30,557.05
25	20,055.00	18,489.83
26	7,173.37	2,569.99
27	13,203.60	16,565.99
28	49,966.63	49,186.90
29	12,856.00	12,987.31
30	19,500.36	32,253.90
31	44,817.53	19,282.20
32	12,534.06	13,175.68
33	16,341.83	16,764.48
34	948.51	745.00
35	5,318.68	3,964.81
36	12,661.46	11,098.14
37	2,036.70	1,633.00
38	9,576.08	8,359.21
39	14,364.00	13,927.77
40	2,823.80	2,823.80
41	6,277.40	5,419.00
42	8.19	7,700.00
43	17.94	6,500.00
44	30,682.36	21,463.68
45	1,880.04	1,711.14
46	22,566.25	23,381.07
47	18,083.46	18,099.99
48	242,268.81	67,051.87
49	19,814.40	20,093.30
50	8,887.50	8,392.26
51	88,388.23	143,012.76
<b>Total</b>	<b>1,090,354.94</b>	<b>977,299.16</b>

Carson City Audit Committee  
Agenda Report

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and possible action regarding the presentation, discussion and possible recommendations to the Board of Supervisors on the Performance Metrics Development final report as provided by Moss Adams.

Summary: The Board of Supervisors approved Performance Metrics Development at their July 18, 2013 Board meeting. Moss Adams will present a draft of the report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

Type of Action Requested: (check one)

( ) Resolution

( ) Ordinance

( X ) Formal Action/Motion

( ) Other (Specify)

Does This Action Require A Business Impact Statement: ( ) Yes ( X ) No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A.


Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Draft Fleet Management Utilization Study provided by Moss Adams

Prepared By: Nick Providenti

Reviewed By:   
(Finance Director)

Date: 4/14/14

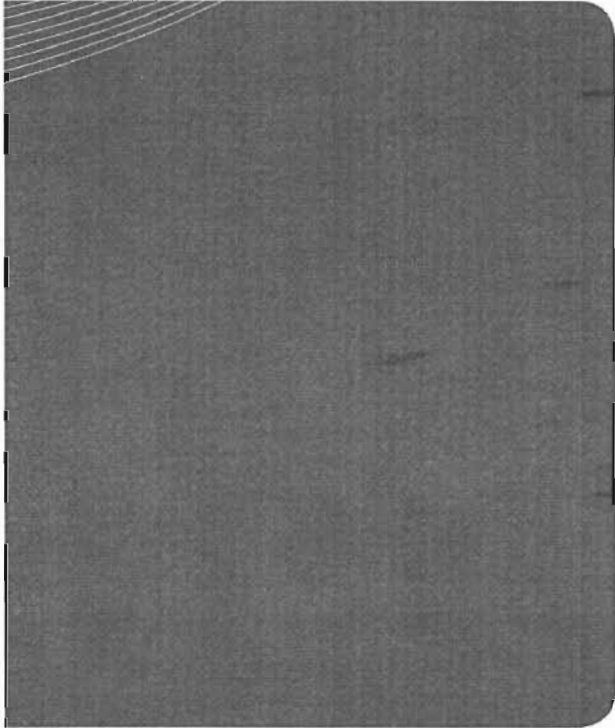
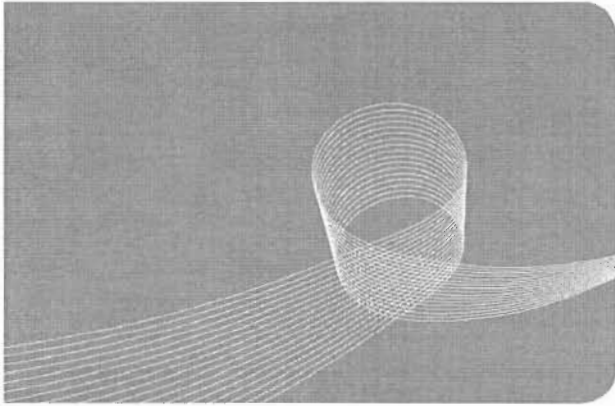
Board Action Taken:

Motion: \_\_\_\_\_

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_  
(Vote Recorded By)





**Carson City**

**Performance Framework**

**April 2014**

**MOSS-ADAMS<sub>LLP</sub>**  
Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

The right-hand panel features a dark gray background with a white wireframe loop graphic that curves across the top and right sides. The text is centered in a clean, white, sans-serif font. The company name and tagline are positioned in the lower right corner.



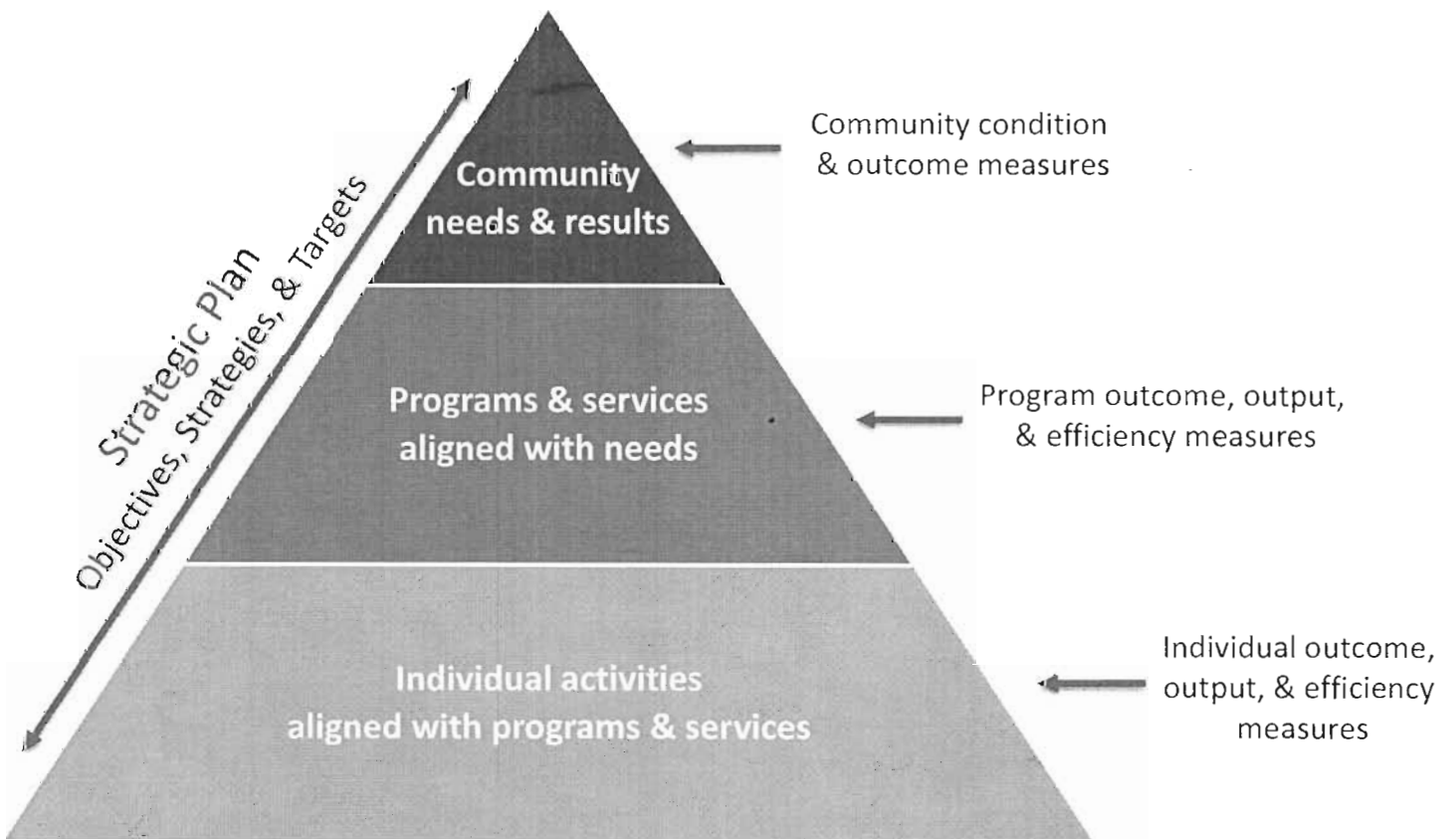
## AGENDA

- Overview
- Department Metrics
- Sample Executive Dashboard

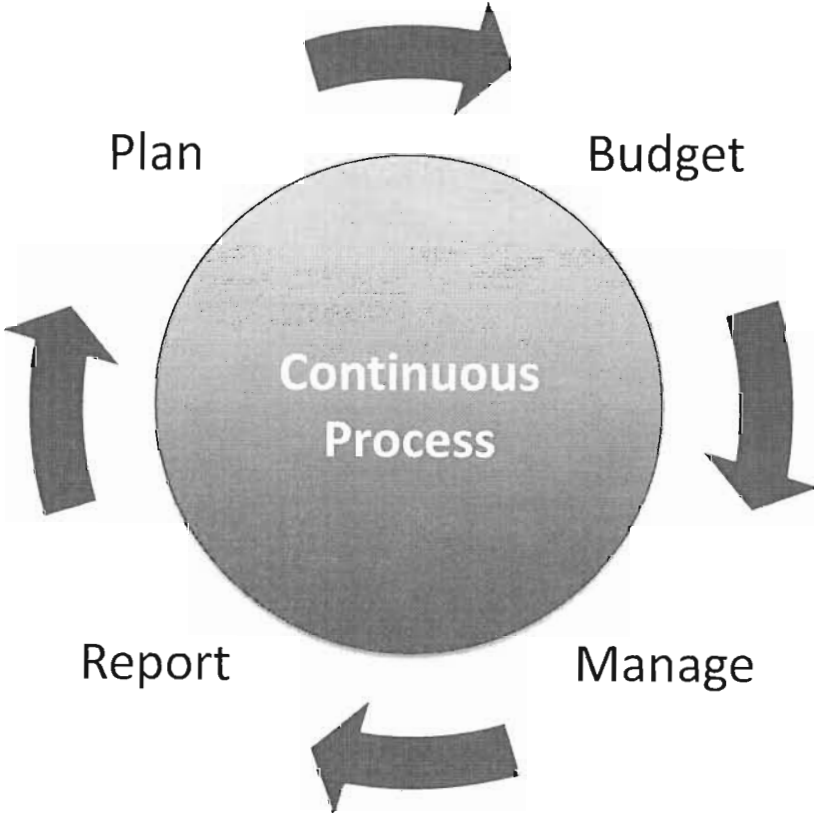


# Overview

# PERFORMANCE DATA & STRATEGIC OUTCOMES



# PERFORMANCE MANAGEMENT CYCLE





## PERFORMANCE FRAMEWORK

### *Department/Function*

#### *1. Objective*

#### *2. Outcome Measure*

- Program or service effectiveness
- Measure baseline: Operating department FTE

#### *3. Efficiency Measure*

- Program or service productivity
- Unit cost
- Measure baselines: Carson City FTE; population served

#### *4. Strategic Goals Impacted*



## AREAS OF FOCUS

- Finance & Risk Management
- Purchasing & Contracts
- Human Services
- Clinic Services
- Preparedness
- Environmental Health
- Animal Services
- Human Resources
- Information Technology
- Library
- Parks, Recreation, & Open Space
- Facilities Maintenance
- Streets & Transportation
- Water
- Sewer
- Stormwater
- Transit (JAC)
- Fleet Management
- Business Development
- Planning, Building, & Business Licenses
- Sheriff
- Jail
- Fire Department & EMS
- Alternative Sentencing



## RESOURCES

- ICMA Center for Performance Measurement
  - Performance Measurement in Practice
  - Comparative Performance Measurement Report
- National Performance Measurement Advisory Commission
- GFOA Performance Management Best Practice
- GASB Service Efforts and Accomplishments Reporting
- Government Finance Review, Linking Performance Measures to Resource Allocation
- County and city performance measures





# Executive Dashboard



## DASHBOARD CONTENTS

- Performance measure
- Three-year data
- Goal
  - City management to determine goals based on priorities
- Desired trend
  - Up, down, or stable
- Three-year trend
- On track
  - Green: Within 5% of desired trend
  - Yellow: Within 15% of desired trend
  - Red: 15% or more in the opposite direction of desired trend

Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Finance and Risk Management</b>							
Balanced budget with reserve funds meeting or exceeding target levels	✓	✓	✓	✓	-		
Annual number of worker days lost per claim	1.96	3.93	5.10	-	↓		
Finance O&M expenditures per City FTE	\$1,117	\$1,099	\$1,110	-	↔		
<b>Purchasing and Contracts</b>							
Purchasing & Contracts O&M expenditures per City FTE	\$181	\$247	\$240	-	↔		
<b>Human Resources</b>							
Turnover rate	27%	18%	27%	-	↓		
HR O&M expenditures per City FTE	\$534	\$455	\$516	-	↔		
<b>Information Technology</b>							
Percent of annually planned projects delivered	N/A	N/A	N/A	100%	↑		N/A
Annual customer satisfaction rating	3.75	3.96	4.11	5	↑		
Annual system up time (%)	N/A	N/A	N/A	100%	↑		N/A
IT O&M expenditures per City FTE	\$2,999	\$3,154	\$3,306	-	↔		

Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Parks, Recreation, &amp; Open Space</b>							
Program registration	N/A	17,046	14,431	-	↑		
Direct cost recovery	69%	92%	92%	100%	↑		
Parks & Recreation O&M costs per capita	\$11.77	\$16.38	\$26.71	-	↔		
Parks maintenance cost per acre	\$1,249	\$1,540	\$1,296	-	↔		
Open space maintenance cost per acre	\$182	\$158	\$345	-	↔		
<b>Facilities Maintenance</b>							
Square feet maintained per FTE	125,288	125,288	125,288	125,288	↔		
Monthly average job orders completed per FTE	22.0	24.3	23.3	-	↑		
Facilities Maintenance O&M expenditures per square foot maintained	\$1.75	\$1.92	\$1.68	-	↔		

Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Health and Human Services</b>							
<b>Environmental Health</b>							
Number of routine inspections per FTE	502	516	450	-	↔		
Program expenditures per capita	\$5.01	\$4.46	\$4.15	-	↔		
<b>Human Services</b>							
Number of clients seen per FTE	123.64	107.09	67.82	-	↔		
Percent revenue received vs. program expense	80%	88%	64%	100%	↑		
Program expenditures per capita	\$6.41	\$7.09	\$6.64	-	↔		
<b>Clinic Services</b>							
Number of clients seen per FTE	1,312	1,293	1,247	-	↔		
Percent revenue received vs. program expense	32%	39%	25%	-	↑		
Program expenditures per capita	\$6.82	\$6.00	\$9.34	-	↔		













Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Preparedness</b>							
Number of community partners engaged per FTE	1,138	1,441	1,721	-	↑		
Program expenditures per capita	\$8.27	\$8.70	\$8.01	-	↔		
<b>Animal Services</b>							
Average daily animal population: Total	72.16	72.81	68.15	-	↓		
Average daily animal population: Dogs	35.81	39.08	40.19	-	↓		
Average daily animal population: Cats	36.35	33.73	27.93	-	↓		
Animal Services O&M expenditures per average daily animal population	\$5,494	\$8,312	\$12,659	-	↔		
<b>Public Works</b>							
<b>Streets and Transportation</b>							
Street pavement overall condition rating	N/A	71.33	70.03	-	↑		
Streets & Transportation O&M cost per lane-mile street maintained	N/A	\$5,295	\$2,650	-	↔		



Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Streets and Transportation (Cont.)</b>							
Percent of capital dollars spent to plan	78%	69%	194%	100%	↑		
<b>Stormwater</b>							
Annual curb miles swept	N/A	N/A	N/A	-	↑		N/A
Stormwater O&M expenditures per parcel	N/A	N/A	N/A	-	↔		N/A
Percent of capital dollars spent to plan	N/A	N/A	N/A	100%	↓		N/A
<b>Transit</b>							
Ridership	152,115	183,716	189,358	-	↑		
User and grant fees received as a percentage of operating costs	19.2%	19.3%	20.0%	-	↑		
JAC O&M costs per rider	\$3.23	\$2.92	\$2.74	-	↔		
Passengers per service hour	10.89	13.09	13.67	-	↑		



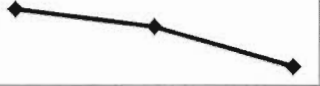













Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Water</b>							
Annual number of water line maintenance tasks completed	N/A	N/A	N/A	-	↑		N/A
Total number of permit exceedances	N/A	N/A	N/A	0	↓		N/A
Water O&M expenditures per connection	N/A	N/A	N/A	-	↔		N/A
Percent of capital dollars spent to plan	58%	73%	119%	100%	↔		
<b>Sewer</b>							
Treatment plant flow capacity remaining	100%	100%	100%	100%	↔		
Total number of permit exceedances	0	1	3	0	↓		
Sewer O&M expenditures per connection	\$518	\$511	\$546	-	↔		
Percent of capital dollars spent to plan	51%	73%	16%	100%	↔		



Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Fleet Management</b>							
Percentage of vehicles exceeding replacement criteria	N/A	N/A	N/A	0%	↓		N/A
Fleet O&M expenditures per vehicle	N/A	N/A	N/A	-	↔		N/A
<b>Community Development</b>							
Total business licenses issued per FTE, business	699	603	628	-	↔		<input type="radio"/>
Total other licenses issued per FTE other	63	47	53	-	↔		<input type="radio"/>
Total fees collected per FTE	\$127,660	\$123,471	\$130,222	-	↑		<input checked="" type="radio"/>
Percent O&M cost recovery through fees	545%	537%	597%	100%	↔		<input type="radio"/>
Community Development O&M expenditures per capita	\$7.94	\$7.14	\$8.55	-	↔		<input type="radio"/>
<b>Business Development</b>							
Total jobs created	-265	-77	406	-	↑		<input checked="" type="radio"/>
Business Development O&M expenditures per capita	\$69.60	\$72.08	\$34.10	-	↔		<input checked="" type="radio"/>

Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Library</b>							
Visitation rates	N/A	N/A	N/A	-	↑		N/A
Library O&M expenditures per registered borrower	N/A	N/A	N/A	-	↔		N/A
<b>Public Safety</b>							
<b>Sheriff</b>							
Crime rate: Comstat Part 1 crimes	23.24	25.6	22.13	-	↓		
Rate of incident response time per 1,000 calls, P1 crimes	0.34	0.36	0.39	-	↓		
Rate of incident response time per 1,000 calls, P2-6 crimes	1.20	1.26	1.35	-	↓		
Sheriff O&M costs per capita	\$272.63	\$273.52	\$292.31	-	↔		
<b>Corrections</b>							
Average daily inmate population, male	134	140	151	-	↓		
Average daily inmate population, female	31	45	53	-	↓		
Average total daily inmate population	165	185	204	-	↓		

Performance Measure	FY 10-11	FY 11-12	FY 12-13	Goal	Desired Trend	Three Year Trend	On Track
<b>Corrections (Cont.)</b>							
Corrections O&M costs per daily total inmate population	\$22,130	\$19,568	\$18,569	-	↔		
<b>Fire and EMS</b>							
Rate of incident response time per 1,000 calls: Fire	0.41	0.39	0.34	-	↓		
Rate of incident response time per 1,000 calls: EMS	0.38	0.33	0.32	-	↓		
Percent of fires contained in structure of origin	3.63%	2.08%	4.34%	-	↑		
Fire Department O&M expenditures per capita	\$146.97	\$141.52	\$159.00	-	↔		
<b>Alternative Sentencing</b>							
Annual number of office and home visits per FTE	1,475	3,112	3,998	-	↑		
Alternative Sentencing O&M expenditures per capita	\$20.70	\$26.70	\$27.00	-	↔		



# Department Metrics



## FINANCE & RISK MANAGEMENT

1. *Objective:* To effectively and efficiently manage City revenues and expenditures.
2. *Outcome Measure*
  - Balanced budget with reserve funds meeting or exceeding target levels
  - Number of worker days lost per claim
3. *Efficiency Measure*
  - Finance O&M expenditures per City FTE
4. *Strategic Goals Impacted*
  - Open and accessible government
  - Vibrant, diverse, and sustainable economy



## PURCHASING & CONTRACTS

1. *Objective:* To assist City departments in the purchasing of appropriate and high quality materials and services from approved vendors at competitive costs in a timely manner.
2. *Efficiency Measure*
  - Purchasing & Contracts O&M expenditures per City FTE
3. *Strategic Goals Impacted*
  - Open and accessible government
  - Vibrant, diverse, and sustainable economy



## HUMAN SERVICES

1. *Objective:* To help Carson City residents in need, through service and education.
2. *Outcome Measures*
  - Number of clients seen per FTE
3. *Efficiency Measures*
  - Percent revenue received vs. program expense
  - Program expenditures per capita
4. *Strategic Goals Impacted*
  - Healthy community



## CLINIC SERVICES

1. *Objective:* Through education and service, to promote health and impact the lives of those living in our community.
2. *Outcome Measures*
  - Number of clients seen per FTE
3. *Efficiency Measures*
  - Percent revenue received vs. program expense
  - Program expenditures per capita
4. *Strategic Goals Impacted*
  - Healthy community





## PREPAREDNESS

1. *Objective:* To assure the most effective response possible to outbreaks of disease and other public health threats and emergencies.
2. *Outcome Measures*
  - Number of community partners engaged per FTE
3. *Efficiency Measures*
  - Program expenditures per capita
4. *Strategic Goals Impacted*
  - Healthy community
  - Safe and secure community



## ENVIRONMENTAL HEALTH

1. *Objective:* To protect and promote the health and welfare of the community through education, intervention, prevention, and assistance to residents and visitors.
2. *Outcome Measures*
  - Number of routine inspections per FTE
3. *Efficiency Measures*
  - Program expenditures per capita
4. *Strategic Goals Impacted*
  - Healthy community
  - Clean and healthy environment



## ANIMAL SERVICES

1. *Objective:* To protect and improve the quality of life for our community through disease prevention, education, and support services.
2. *Outcome Measures*
  - Average daily animal population: Dogs, cats, and total
3. *Efficiency Measure*
  - Animal services operations and maintenance expenditures per average daily animal population
4. *Strategic Goals Impacted*
  - A safe and secure community



## HUMAN RESOURCES

1. *Objective:* Focus on employee retention through career development and succession planning to transfer institutional knowledge and skills throughout the organization.
2. *Outcome Measures*
  - Turnover rate
3. *Efficiency Measure*
  - HR O&M expenditures per City FTE
4. *Strategic Goals Impacted*
  - Open and accessible government



## INFORMATION TECHNOLOGY

1. *Objective:* To provide residents and employees with efficient access to government.
2. *Outcome Measures*
  - Percent of annually planned projects delivered
  - Annual customer satisfaction rating
  - Annual system up time (%)
3. *Efficiency Measure*
  - IT O&M expenditures per City FTE
4. *Strategic Goals Impacted*
  - Open and accessible government



## LIBRARY

1. *Objective:* To be a valuable resource to the entire community for information, education and entertainment
2. *Outcome Measure*
  - Visitation rates
3. *Efficiency Measure*
  - O&M expenditures per registered borrower
4. *Strategic Goals Impacted*
  - A community dedicated to excellence in education and lifelong learning
  - A community rich in history, culture, and the arts



## PARKS, RECREATION, & OPEN SPACE

1. *Objective:* To build a healthy community through parks, programs, and partnerships.
2. *Outcome Measure*
  - Program registration
  - Direct cost recovery
3. *Efficiency Measures*
  - Parks & Recreation O&M costs per capita
  - Parks maintenance cost per acre
  - Open space maintenance cost per acre
4. *Strategic Goals Impacted*
  - Healthy community
  - Active and engaged community
  - Physically connected community



## FACILITIES MAINTENANCE

1. *Objective:* To provide City departments and residents with facilities that are safe and meet their needs.
2. *Outcome Measures*
  - Sq. feet maintained per FTE
  - Monthly average job orders completed per FTE
3. *Efficiency Measure*
  - Facilities Maintenance O&M expenditures per sq. feet maintained
4. *Strategic Goals Impacted*
  - Safe and secure community





## STREETS & TRANSPORTATION

1. *Objective:* To plan and provide for the safe, efficient, and convenient movement of people and goods.
2. *Outcome Measure*
  - Street pavement overall condition ratings
3. *Efficiency Measures*
  - O&M cost per lane-mile of street maintained
  - Percent of capital dollars spent to plan
4. *Strategic Goals Impacted*
  - Safe and secure community
  - Physically connected community
  - Vibrant, diverse, and sustainable economy



## WATER

1. *Objective:* To oversee the city's water production, distribution, metering, fire hydrants, and infrastructure.
2. *Outcome Measure*
  - Annual number of water line maintenance tasks completed
  - Total number of permit exceedances
3. *Efficiency Measures*
  - Water Division O&M expenditures per connection
  - Percent of capital dollars spent to plan
4. *Strategic Goals Impacted*
  - Clean and healthy environment
  - Healthy community



## SEWER

1. *Objective:* To operate and maintain the city's sewer collection system.
2. *Outcome Measure*
  - Treatment plant flow capacity remaining
  - Total number of permit exceedances
3. *Efficiency Measures*
  - Sewer Division O&M expenditures per connection
  - Percent of capital dollars spent to plan
4. *Strategic Goals Impacted*
  - Clean and healthy environment
  - Healthy community



## STORMWATER

1. *Objective:* To operate and maintain the City's stormwater collection system.
2. *Outcome Measure*
  - Curb miles swept
3. *Efficiency Measures*
  - Stormwater O&M expenditures per parcel
  - Percent of capital dollars spent to plan
4. *Strategic Goals Impacted*
  - Clean and healthy environment
  - Healthy community



## TRANSIT (JAC)

1. *Objective:* To plan and provide for the safe, efficient, and convenient movement of people and goods.
2. *Outcome Measure*
  - Ridership
  - User and grant fees received as a % of operating costs
3. *Efficiency Measures*
  - JAC O&M costs per rider
  - Passengers per service hour
4. *Strategic Goals Impacted*
  - Safe and secure community
  - Physically connected community



## FLEET MANAGEMENT

1. *Objective:* To maintain the City's vehicle fleet.
2. *Outcome Measure*
  - Percentage of vehicles exceeding replacement criteria
3. *Efficiency Measures*
  - Fleet O&M expenditures per vehicle
4. *Strategic Goals Impacted*
  - Safe and secure community
  - Open and accessible government



## BUSINESS DEVELOPMENT

1. *Objective:* To build, revitalize, and sustain a quality community for Carson City businesses and residents.
2. *Outcome Measures*
  - Total jobs created
3. *Efficiency Measure*
  - Business Development O&M expenditures per capita
4. *Strategic Goals Impacted*
  - Vibrant, diverse, and sustainable economy
  - Community rich in history, culture, and the arts



## COMMUNITY DEVELOPMENT

1. *Objective:* To build, revitalize, and sustain a quality community for Carson City businesses and residents.
2. *Outcome Measures*
  - Total number of licenses issued per FTE, business and other
  - Total fees collected per FTE
3. *Efficiency Measure*
  - Percent O&M cost recovery through fees
  - Community Development O&M expenditures per capita
4. *Strategic Goals Impacted*
  - Vibrant, diverse, and sustainable economy
  - Community rich in history, culture, and the arts





## SHERIFF

1. *Objective:* To enforce the law and reduce crime in Carson City.
2. *Outcome Measures*
  - Crime rate: Comstat Part 1 crimes
  - Average incident response time per 1,000 calls, by type
3. *Efficiency Measure*
  - Sheriff's Department O&M costs per capita
4. *Strategic Goals Impacted*
  - Safe and secure community



## CORRECTIONS

1. *Objective:* To enforce the law and reduce crime in Carson City.
2. *Outcome Measures*
  - Average daily inmate population, male and female
3. *Efficiency Measure*
  - Corrections O&M costs per daily total inmate population
4. *Strategic Goals Impacted*
  - Safe and secure community



## FIRE DEPARTMENT & EMS

1. *Objective:* To protect lives and property through fire suppression, prevention, and emergency response.
2. *Outcome Measures*
  - Time of dispatch to on-scene per 1,000 calls, Fire and EMS
  - Percent of fires contained in structure of origin
3. *Efficiency Measure*
  - Fire Department O&M expenditures per capita
4. *Strategic Goals Impacted*
  - Safe and secure community



## ALTERNATIVE SENTENCING

1. *Objective:* To reduce recidivism in Carson City.
2. *Outcome Measures*
  - Annual number of office and home visits per FTE
3. *Efficiency Measure*
  - Alternative Sentencing O&M costs per capita
4. *Strategic Goals Impacted*
  - Safe and secure community

Carson City Audit Committee

Agenda Report

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and possible action regarding the presentation, discussion and possible recommendations to the Board of Supervisors on the Fraud Waste and Abuse (FWA) Program final report as provided by Moss Adams.

Summary: The Board of Supervisors approved the Fraud Waste and Abuse Program at their July 18, 2013 Board meeting. Moss Adams will present a draft of the report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

Type of Action Requested: (check one)

( ) Resolution

( ) Ordinance

( X ) Formal Action/Motion

( ) Other (Specify)

Does This Action Require A Business Impact Statement: ( ) Yes ( X ) No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A.

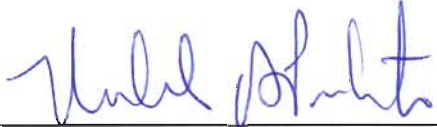
Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Draft Fleet Management Utilization Study provided by Moss Adams

Prepared By: Nick Providenti

Reviewed By:   
(Finance Director)

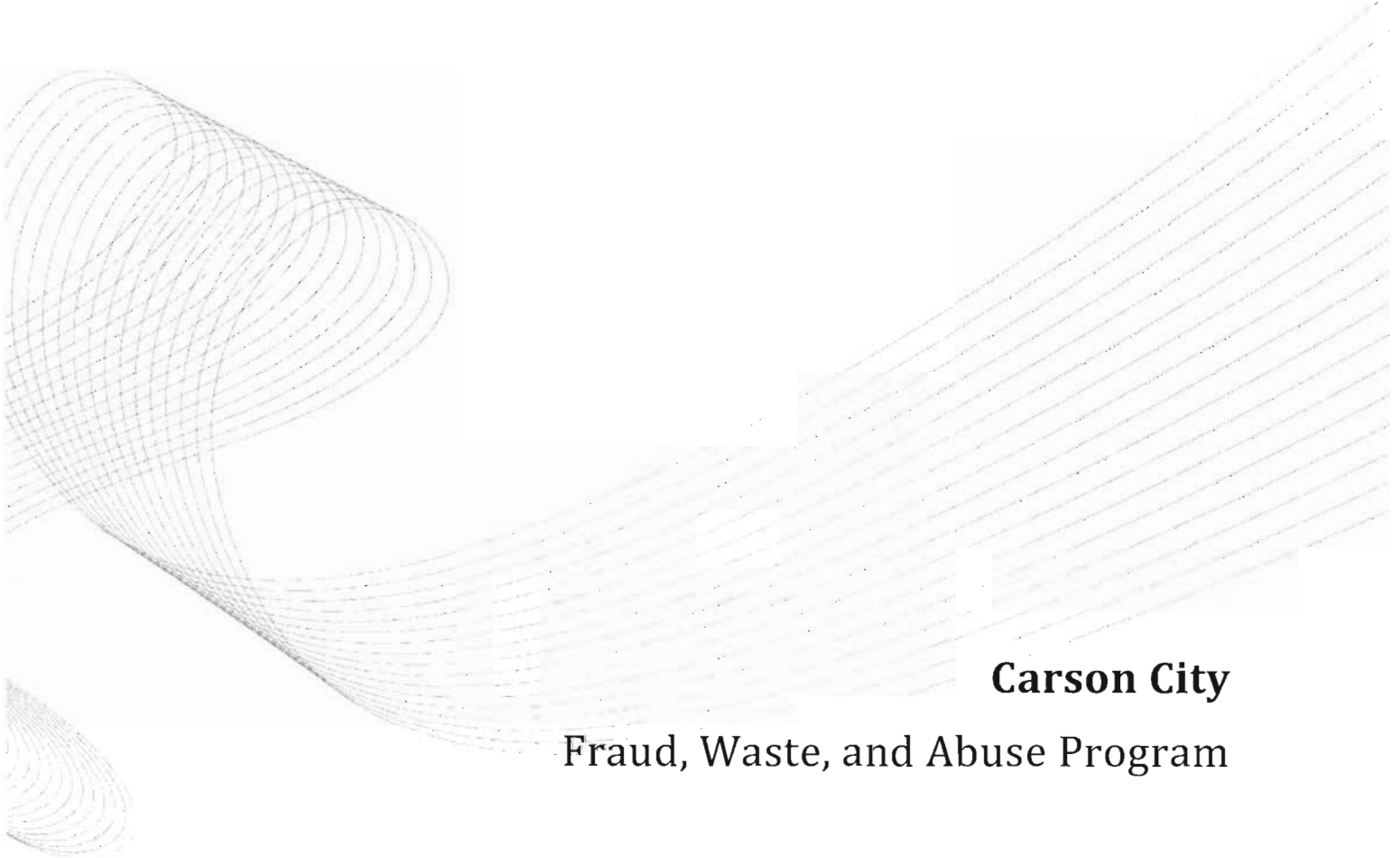
Date: 4/14/14

Board Action Taken:

Motion: \_\_\_\_\_

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_  
(Vote Recorded By)



**Carson City**  
**Fraud, Waste, and Abuse Program**

April 2014

Prepared by:

Moss Adams LLP

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**MOSS ADAMS**<sub>LLP</sub>

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

# MOSS ADAMS LLP

## TABLE OF CONTENTS

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I.	EXECUTIVE SUMMARY	1
II.	FRAUD, WASTE, AND ABUSE DEFINITIONS	2
	A. FRAUD DEFINITION	2
	B. WASTE DEFINITION	2
	C. ABUSE DEFINITION	2
III.	FRAUD CATEGORIES	4
	A. FINANCIAL STATEMENT FRAUD	4
	B. ASSET MISAPPROPRIATION	4
	C. CORRUPTION	5
IV.	ETHICS	6
V.	IMPLEMENTATION	7
	A. PLANNING	7
	B. FRAUD HOTLINE	10
	C. METHODS FOR CAPTURING COMPLAINTS	10
	D. PROGRAM REVIEW	11
	E. COMMUNICATION PLAN	12
	F. REACTING TO COMPLAINTS	12
VI.	WHISTLEBLOWER PROTECTION/POLICY	15
VII.	TRAINING	16



## I. EXECUTIVE SUMMARY

All City employees share the common purpose of serving the public and ensuring public funds are spent wisely. The work of the City should be conducted fairly, equitably, ethically, and transparently. Proactive steps must be taken to ensure community commitments and management objectives are met. It is important for employees and the public to be provided a mechanism to voice appropriate concerns when they see or feel something is not right.

As a result, Carson City has established a Fraud, Waste, and Abuse Program that is available to all City employees and the public. The program operates 24 hours a day, 7 days a week. Reports of suspected inappropriate activity can be made using the City's toll-free number, mail, phone, or in person. All reports submitted are treated confidentially.

Carson City employees are entrusted with public funds and have a duty to use those funds economically, efficiently, effectively, and ethically. If City employees do not honor that obligation, then it is imperative to identify and correct those actions. The City is committed to reviewing all complaints and investigating all legitimate concerns.

### Purpose of a Fraud, Waste, and Abuse Program

A Fraud, Waste, and Abuse (FWA) Program is a mechanism for employees or members of the public to report activities perceived to be misconduct, violations of City policy or ethics, theft, waste, or misuse of City assets. The objective of a FWA program is to identify and stop loss of City resources and act as a deterrent to fraud, waste, and abuse.

In order to facilitate reports of fraud, waste, or abuse, a FWA hotline is administered by a hotline contractor. The contractor receives calls on the FWA hotline and forwards the incident report to the City's Internal Auditor. Please do not use this program to report grievable labor issues, which should be reported to the Human Resources Department. Matters of threat to a person should be reported to the Sheriff's Office by calling 911.

### Benefits of a Fraud, Waste, and Abuse Program

There are numerous benefits to a Fraud, Waste, and Abuse Program. It is important for not only identifying and quantifying losses to the City, but also preventing future losses. Specific benefits include:

- Identification and termination of occurrences of fraud, waste, and abuse.
- Recovery of funds as a result of investigations.
- Deterrence of inappropriate behavior by increasing awareness of these actions
- A safe mechanism for employees and the public to voice concerns and report suspected inappropriate activity.
- Commitment to the City's core values through the promotion of the program.
- Improvement in the City's internal control processes.
- Enforcement of an ethical work environment.

## II. FRAUD, WASTE, AND ABUSE DEFINITIONS

### A. FRAUD DEFINITION

Fraud is defined as a dishonest and deliberate course of action that results in obtaining money, property, or an advantage to which City employees or officials committing the action would not normally be entitled. Fraud also encompasses intentional misleading or deceitful conduct that deprives the City of its resources or rights. There are three categories of fraud. They include 1) financial statement fraud, 2) misappropriation of assets, and 3) corruption. Examples of fraud include, but are not limited to:

- Falsifying financial records to cover up theft.
- Theft or misuse of city money, equipment, supplies, and/or other materials.
- Intentionally misrepresenting the costs of goods or services provided.
- Falsifying payroll information.
- Use of city equipment or property for personal use/gain, non-business reasons.
- Submitting false vouchers for reimbursements.
- Soliciting or accepting a bribe or kickback.
- Intentional use of false weight or measures.

### B. WASTE DEFINITION

Waste is defined as the needless, careless, or extravagant expenditure of city funds; incurring of unnecessary expenses; or mismanagement of city resources or property. Waste does not necessarily involve private use or personal gain, but it almost always signifies poor management decisions, practices, or controls. Examples of waste include, but are not limited to:

- Purchase of unneeded supplies or equipment outside of established limits.
- Purchase of goods at inflated prices without appropriate bids or research.

### C. ABUSE DEFINITION

Abuse is defined as the intentional, wrongful, or improper use or destruction of city resources, or improper practice that does not involve prosecutable fraud. Abuse can include the excessive or improper use of an employee or official's position in a manner other than its rightful or legal use. Examples of abuse include, but are not limited to:

- Failure to report damage to city equipment or property.
- Using one's position in one city department to gain an advantage over another city resident when conducting personal business in another city department.
- Abuse of city time such as significant unauthorized time away from work or significant use of city time for personal business.

- Abusing the system of travel reimbursement.
- Receiving favors for awarding contracts to certain vendors.
- Using city property, information or position for personal gain or resulting in extra or special charges to the City.
- Appropriating or diverting any business opportunity or idea in which the City might have an interest.
- Competing with the City in an inappropriate way.
- Failure to disclose a conflict of interest.
- Participating in decision making where a conflict of interest resides.
- Improper use of supervisory authority in response to an employee taking action or refusing to take action.

### III. FRAUD CATEGORIES

#### A. FINANCIAL STATEMENT FRAUD

Financial statement fraud includes intentional misstatements, omissions, or disclosures in financial statements designed to deceive financial statement users. Fraudulent financial reporting often involves upper management and management override of controls that otherwise may appear to be operating effectively. Common occurrences include overstating revenues and understating liabilities or expenses. Examples include:

- Manipulation, falsification, or alteration of accounting records or supporting documents from which financial statements are prepared, such as overstating assets and understating liabilities.
- Misrepresentation in or an intentional omission from the financial statements of events, transactions, or other significant information.
- Intentional misapplication of accounting principles relating to amounts, classification, manner of presentation, or disclosure.

#### B. ASSET MISAPPROPRIATION

Asset misappropriation is theft of an entity's assets that causes the financial statements not to be presented in conformity with Generally Accepted Accounting Principles. False or misleading records or documents, possibly created by circumventing controls, may accompany misappropriation of assets. Examples include:

- Embezzlement of cash where accounts have been manipulated or false invoices have been created
- Skimming revenue before the funds have been recorded in the City's financial records
- Cash larceny
- Lapping accounts receivable
- Check tampering
- Over-billing customers
- Stealing assets such as office supplies or computer equipment
- Causing the City to pay for goods and services that have not been received
- Data theft or intellectual property
- False expense claims
- Duplicate reimbursements
- Payroll fraud
- Paying personal expenses with the City's resources

### C. CORRUPTION

Corruption is the wrongfully use of influence in a business transaction in order to procure some benefit and contrary to their duty to their employer or the rights of another. Examples include:

- Seeking or accepting kickbacks
- Engaging in conflicts of interest
- Bid rigging
- Contract manipulation
- Economic extortion
- Illegal gratuities
- Hiring or promotion based on personal relationship (known or unknown)

## IV. ETHICS

### Carson City Code of Ethics

The City's 'Code of Ethics for Elected and Appointed Officials' is documented in municipal code Chapter 2.34, Sections 010 – 100. The purpose of the ethics code is summarized as follows:

- Provide assurances of the utmost in integrity, honesty and fairness in business dealings;
- Present no conflict of interest between the public trust and private gain; and
- A belief that those entrusted with offices of the City have nothing to fear from full public disclosure of their business holdings.

The Code defines and describes specific words and phrases, duties, disclosure statement content, and specific examples of ethical violations for elected officials, committees, commissions, and appointed employees. The Code also describes penalties for violation of the Code for any official or employee who willfully and knowingly violated the provisions of the Code.

### Business Ethics

Business ethics apply to right and wrong behavior in the business world and take on different meanings in different cultures, making it challenging to truly define business ethics. However, there are a number of areas where unethical practices may occur more frequently, including human resources and accounting.

### Human Resources Ethics

Interactions between managers and employees create opportunities for breaches of ethics, such as discrimination based on ethnicity, gender, age or other factors. Managers who discriminate against minority groups in hiring practices, compensation decisions, and terms of employment can face legal and social consequences. Dishonesty and manipulation are also examples of unethical workplace behavior.

### Accounting Ethics

Financial accounting is a major ethical issue, and no amount of industry or government regulation seems able to prevent dishonest people from reporting financial information in unethical ways. Certain unethical accounting practices are illegal, such as misrepresenting income or expenses in financial statements through unjustifiable shifting of expenses to inappropriate periods to influence current financial results, obtain a better debt rate, or to maintain debt covenant requirements.

## V. IMPLEMENTATION

### A. PLANNING

#### Roles and Responsibilities

The Fraud, Waste, and Abuse Program will be administered and managed as follows:

- Board of Supervisors – requires a Fraud, Waste, and Abuse program.
- City Manager – sets the tone for the program, funds the program, and provides a message on the City’s intranet page promoting ethical behavior with appropriate links for reporting.
- District Attorney – reviews reports, as necessary, to determine if there are civil matters to be addressed and takes appropriate actions.
- Sheriff – reviews reports to determine if there are criminal matters to be addressed and takes appropriate actions.
- Human Resources – receives complaints and works with management and bargaining unit representatives to take appropriate action as a result of substantiated complaints.
- Department Managers – responsible for supporting the FWA program and cooperating with an investigation should one occur within their department.
- Risk Management – for substantiated complaints, works with management regarding insurance coverage and claims.
- City employees – responsible for reporting suspected inappropriate activity.
- FWA Program Coordinator/Internal Auditor –responsible for coordinating the FWA Program, monitoring, triaging complaints, conducting investigations, providing overall oversight as to the progress of complaints received, making reports, and performing follow-up procedures deemed appropriate.
- Audit Committee – provides recommendations to the Board of Supervisors but does not participate in conducting investigations.

#### Tracking and Monitoring of Complaints

The City has established a case management process to capture, track, and report the following elements:

- A. Complaints received by category and sub-categories, as desired.
  - Fraud: expense reimbursements, cash, and skimming
  - Wasteful spending
  - Abuse
  - Ethics
  - Threats – city, people, property

B. Complaint triage / decision point by Internal Auditor

- Information insufficient for investigation
- Non-program complaint
- Referred to other department
- Investigated

C. Referrals will be made by the Internal Auditor as deemed appropriate to the situation. Specific examples of referrals include:

- Referrals will be made to the Sheriff's department if the complaint indicates a life threatening situation or other type of crime.
- In some instances, the complaint, even if investigated by Internal Audit, may be referred to the Nevada Commission on Ethics.
- Labor relations matters and grievances may be referred to the City's Human Resources department.
- Non-financial or compliance matters

D. Investigations by the Internal Auditor

- Determine the methodology for investigation. Procedures may include, but not be limited to, the following types of activities that specifically relate to the allegation received:
  - Interviews of individuals deemed to have direct knowledge of the matter.
  - Interview with the employee(s) named in the complaint.
  - Interview with the person(s) who made the complaint, if known.
  - Interview with person(s) external to the City deemed to have direct knowledge of the matter at hand.
  - Review of documentation supporting the transaction(s) questioned.
  - Review of City policies and procedures.
  - Review of City Board of Supervisor meeting minutes.
  - Review of emails.
  - Confirmation from third parties substantiating transactional activity such as financial institutions, investment administrators, and vendors.
  - Testing of internal controls and/or transaction details.
  - Electronic analysis of transactions utilizing ACL or other automated tools deemed appropriate to the situation.



E. Final disposition or conclusion by the Internal Auditor

- Substantiated matters will be reported based on Generally Accepted Government Auditing Standards requirements, including the following elements:
  - Condition – what really happened
  - Criteria – what we expected to happen, including identification of laws, rules, regulations, statutes, and generally accepted accounting principles
  - Effect – financial impact to the City
  - Cause – why the condition happened, including weaknesses in internal controls or override of internal controls
  - Recommendations – address changes to internal control structure, assignment of duties and responsibilities, training, disciplinary action, or referral to the District Attorney for civil or criminal action
- Unsubstantiated matters will be reported in a manner that protects the subject of the complaint. Elements reported may include the following:
  - Date the complaint was received
  - Period of time Internal Auditors conducted the investigation
  - Summary of actions taken to investigate the complaint
  - Conclusion regarding evidence of criminal or civil wrongdoing
  - Recommendations for improvement in internal controls or operations, if warranted

F. Reporting. The frequency and content of FWA Program reporting will be driven by the City's open meetings law.

- Report type, as appropriate
  - Formal report
  - Management letter
  - Personnel letter of disciplinary action
- Report recipients, as appropriate
  - City Board of Supervisors
  - Audit Committee
  - District Attorney
  - Human Resources
  - Risk Management
  - Insurance
  - Employee(s) involved in the situation
  - Press

- Reporting forum
  - Executive session discussion – nondisclosure to public
  - Public disclosure

## B. FRAUD HOTLINE

Providing individuals a means to report suspicious activity is a critical part of an anti-fraud program. Fraud reporting mechanisms, such as hotlines, are set up to receive tips from both internal and external sources and support anonymity and confidentiality. Management encourages employees to report suspicious activity, as well as enact and emphasize an anti-retaliation policy. According to the Association of Certified Fraud Examiners, the number one source for the initial detection of fraud is through a tip, with over 50% of tips coming from an employee.

### External Hotline Answering Company

The City has elected to contract with a third party vendor to administer the offsite reporting system (the “Contractor”). Incident reports can be submitted in a number of ways and allows employees or members of the public to call and speak to an operator via a designated phone number staffed by the vendor. There are distinct benefits to managing the hotline in this manner. Examples include:

- Services are available 24 hours a day/7 days a week/365 days a year.
- The persons receiving the calls are hotline professionals, trained in how to obtain the information necessary for the City to determine an appropriate course of action.
- The Contractor has the ability to receive documents (Word, Excel, and PDF) and forward them to the City as evidence for the complaint, while maintaining the privacy of the caller.
- The Contractor has the ability to communicate back and forth with the caller without revealing the identity of the caller.
- The Contractor will provide notification of and the incident report to the City’s Internal Auditor.
- The Contractor will provide case management of calls received, including archiving and data retention.
- The Contractor will provide a summary of the calls received, including call type, disposition (open or closed), etc.

## C. METHODS FOR CAPTURING COMPLAINTS

The City is providing employees and members of the public a variety of methods for reporting suspected inappropriate activity and behavior. These methods include:

- Hotline (anonymous reporting mechanism, internal vs. external) – all incident reports are forwarded to the City’s Internal Auditor.
- Phone call – if received by the City’s Internal Auditor, the caller will be encouraged to call the FWA hotline, or the City’s Internal Auditor will handle the call by obtaining the information

required to determine if an investigation is necessary. If a call is received by City personnel, then the incident/complaint will be forward to the FWA hotline or City's Internal Auditor, as appropriate.

- Face-to-face – City personnel will take appropriate notes of the meeting and encourage the complainant to report the matter through the FWA hotline.
- Mail –mail will be forwarded to the City's Internal Auditor for investigation, as appropriate.

#### D. PROGRAM REVIEW

The Board of Supervisors will periodically, at least annually, review the program to validate that the Fraud, Waste, and Abuse Program is meeting Board of Supervisors and management objectives and providing useful information. The review will include confirmation of individual roles and responsibilities, policies and procedures, and the results of investigations. Statistical information will also be reported, such as the following:

- Number of complaints received
  - Referred – non-city, information requests, etc.
  - Under investigation
  - Open – pending additional information
  - Closed
- Sources of complaints
  - Hotline
  - On-line
  - Phone
  - Face-to-face
  - Mail
  - Other
- Types of complaints
  - Employee misconduct
  - Contractor misconduct
  - Fraud – misappropriation of assets, false reporting
  - Wasteful spending
  - Abuse of position
  - Ethics
  - Other
- Cases closed and reason for closing
  - Investigated – substantiated
  - Investigated – not-substantiated
  - Referred
  - Insufficient information – no action taken

- Case Highlights – Investigations conducted – loss substantiated
  - Identified loss and impact to the City
  - GAGAS finding elements – condition, criteria, effect, cause
  - Recommendations in internal controls
- Program Implementation Status - Implementation of recommendations resulting from an investigation may take 2-3 years.
  - Summary of recommendations
  - Management’s response
  - Actions taken to date
  - Estimation from management of when implementation will be completed.

#### E. COMMUNICATION PLAN

The City launched the Fraud, Waste, and Abuse Program in November 2013. The program incorporates the City’s Code of Ethics by setting an appropriate tone at the top.

Consideration is also being given to the following:

- Message from the Board of Supervisors and City Manager kicking-off the program – completed November 2013
- Intranet page link to reporting options for employees – completed November 2013
- Internet page link to reporting options for the public – completed April 2014
- Whistleblower protection / Nevada law
- Plan for on-going support and communication about the program
- Message on payroll stubs
- Posters
- Newsletters
- New hire training
- Annual training
- Presentations (oral or written) to various entities
  - Board of Supervisors – completed January 2014
  - Public meetings
  - Conferences
  - Press

#### F. REACTING TO COMPLAINTS

Regardless of the mechanism through which the City receives a complaint, the following procedures are established for triaging complaints, performing investigations, and communicating investigation results.

## Triage Escalation

The City has established escalation for complaints as follows:

- Immediate response – call indicates misappropriation of the City’s assets, false reporting, misuse of City assets, etc.
- Referral – based on the circumstances of the complaint, reports may be referred to other departments or outside the City. In such instances, the caller will be notified of the referral if the caller requests. The call can be closed upon referral but should be reported as such, or it may remain open until the final resolution is communicated to the City. Matters indicating a personal emergency will be forwarded to the appropriate party for action. For example, a life threatening situation or child abuse.
- Annual audit plan – call indicates the need for a process redesign or modification to internal controls but no financial loss to the City.
- Follow-up – call requires additional information before appropriate action can be determined.
- Closed as received – including but not limited to:
  - Call is incomplete
  - Caller did not provide sufficient information to determine the appropriate action and caller has not elected for two-way anonymous communication
  - Matters regarding non-audit issues (i.e. request for the number of a local dump)

## Investigating Complaints

The complaint will be forwarded to the appropriate party for investigation. If the City’s Internal Auditor investigates, then the following activities will be performed:

- Read the initial hotline report.
- Obtain any supporting documents provided by the caller through the Contractor.
- Identify additional evidence needed to resolve the complaint, including but not limited to:
  - City policies and procedures
  - Copy of or access to Board meeting minutes
  - Copies of invoices, receipts, contracts, etc.
  - Other documentation deemed necessary to determine validity of the incident report
- Identify who will be contacted during the investigation, including but not limited to:
  - Suspect to the allegation
  - Victim(s)
  - Witnesses
  - Complainant, if known and the individual wishes to be interviewed
  - Those within the internal control process, but who may not have knowledge of the specific complaint

- Law enforcement, if appropriate
- Nevada Commission on Ethics to request a written “Request for Opinion” regarding a public employee’s or public officer’s conduct in relation to NRS 281A based on information received through the hotline
- Others as determined necessary
- Communicate to the complainant appropriate information regarding the City’s whistleblower policy.
- Perform investigative procedures to determine the validity of the complaint and documenting:
  - Steps taken
  - Evidence gathered – chain of custody
  - Conclusions reached
  - Quantification of financial loss to the City, if any
  - GAGAS – criteria, condition, cause, effect, and recommendations, as appropriate
- Keep the appropriate parties informed of the progress of the investigation.
- Communicate the final results of the investigation, including notification and reporting, as appropriate, including, but not limited to:
  - Board of Supervisors
  - Audit Committee
  - City management
  - Nevada Commission on Ethics
- Manage information on a need-to-know basis.
- Maintain case files for an appropriate period. This may be driven by whether or not the case results in civil or criminal charges.

#### Communication

Within the escalation process, the City has created a reporting structure. The City will continue to modify that structure as appropriate. The current structure includes reporting to the following:

- District Attorney’s office – potential civil activity
- Sheriff – potential criminal activity
- Human Resources Department – employee disciplinary action
- Audit Committee – consideration of audits performed, status of investigations (care will be taken to ensure the detail provided does not violate privacy laws)
- Board of Supervisors – periodic reporting of activity
  - Quarterly statistics of calls received
  - Summaries of completed investigations, as appropriate and dependent upon whether there will be civil or criminal charges filed

## VI. WHISTLEBLOWER PROTECTION/POLICY

The risk and fear of retribution can deter many people from reporting allegations of wrongdoing against a colleague, manager, Board member, or a City vendor. The public policy of the State is to encourage state and local officers and employees to disclose improper governmental action and protect the rights of persons making such disclosures (NRS 281.621).

The State's Fraud policy includes "Whistle-Blower Protection" and prohibits retribution against any employee who may have made a report of suspected inappropriate activity. The City will take each call seriously and investigate as the issue warrants and evidence is available. The City has made available an anonymous reporting mechanism to facilitate this process.

Nevada whistle-blower statutes define "improper governmental action" as actions taken in the performance of official duties, whether or not the action is within the scope of employment, that are:

- In violation of State law or regulation;
- For local government officers and employees, in violation of local ordinances;
- In abuse of authority;
- A substantial and specific danger to public health or safety; or
- A gross waste of money.

If an individual makes a report through the FWA hotline, then the Internal Auditor will not make any effort to identify the complainant. If the individual wishes to be contact by the Internal Auditor, then the individual should leave contact information at the time of the FWA hotline call. The Internal Auditor will not reveal the identity of the individual(s) unless required to do so by law.

## VII. TRAINING

The City is providing initial and ongoing training to all City employees on the Fraud, Waste, and Abuse Program.

### Initial Training

Initial training includes discussion of the following:

- Program purpose and benefits
- Roles and responsibilities
- Employee responsibilities for reporting suspected inappropriate activity
- How to make a report using all various methods (hotline, web, or face-to-face)
- Investigation considerations
- Reporting of investigation results – public vs. private information.

### On-going Training

On-going training is important to reinforce management's commitment to reducing loss of resources to the City. The training can be part of the City's annual training program or specific to a Department.

### Fraud Awareness Training & Train the Trainer

In order for City employees to understand when and what to report, employees need to receive fraud awareness training. Consideration should be given to which employees should receive training (managers, directors, supervisors, line employees, etc.). Training should include the following topics:

- Definition of fraud, waste, and abuse with examples of each
- Fraud triangle – fraud environment – answering why fraud happens
- Opportunity points for fraud to occur
- Internal controls intended to prevent and detect fraud
- The importance of corrective controls and the message it sends to employees
- Fraud schemes – what does fraud look like, how to identify and understand various schemes
- Characteristics and red flags of perpetrators



Carson City Audit Committee

Agenda Report

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: Discussion and update on the Fraud Waste and Abuse (FWA) Program activity.

Summary: Members of Moss Adams will be discussing and providing updates on the status of the Fraud Waste and Abuse (FWA) Program activity.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Discussion Only)

Does This Action Require A Business Impact Statement:  Yes  No

Recommended Committee Action: Discussion Only – no action will be taken

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: CCMC Chapter 2.14

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Information to be provided by Moss Adams

Prepared By: Nick Providenti, Finance Director

Reviewed By: 

Date: 4/14/14

(Finance Director)

Board Action Taken:

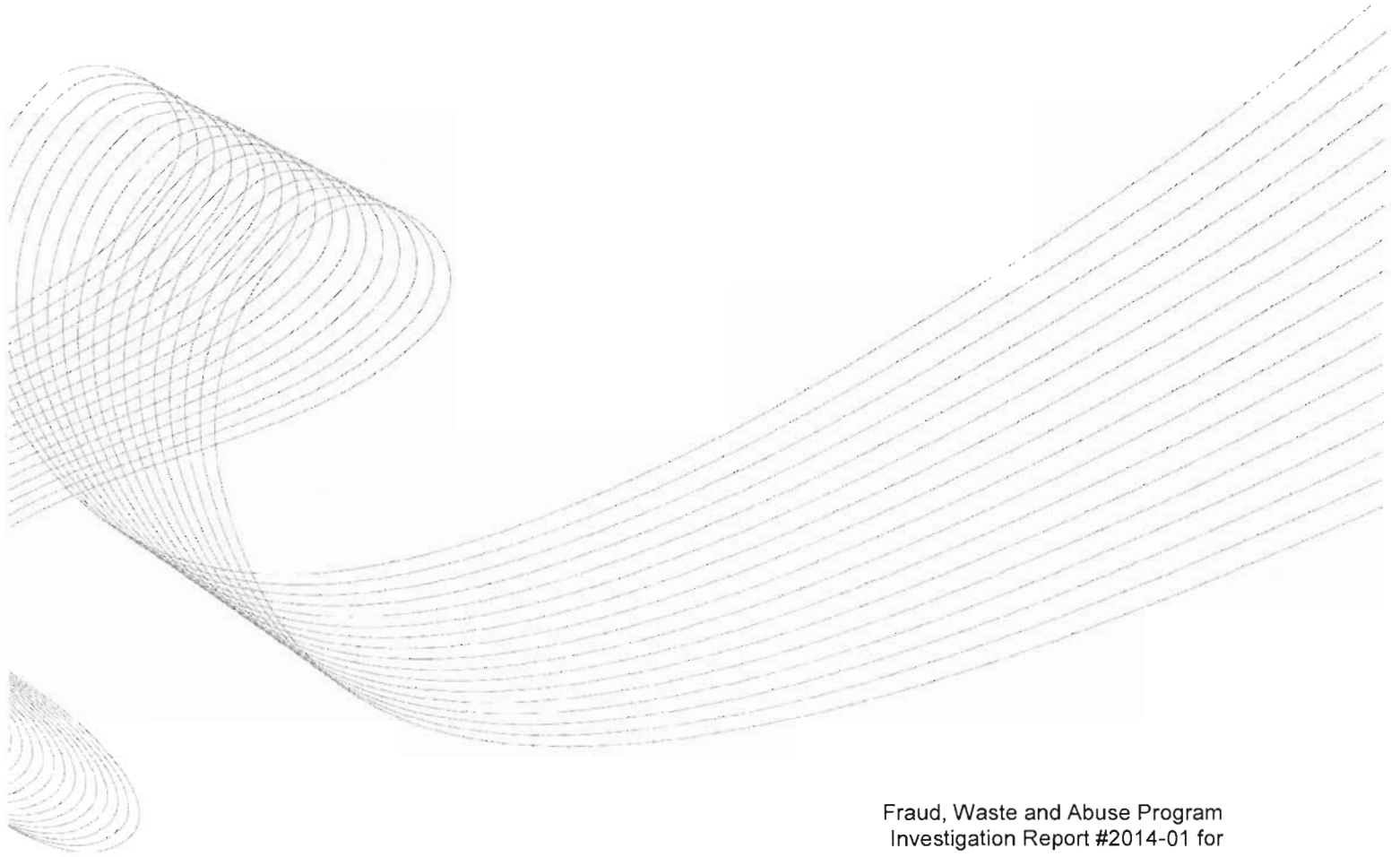
Motion:

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	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

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(Vote Recorded By)



Fraud, Waste and Abuse Program  
Investigation Report #2014-01 for

Carson City, Nevada

March 27, 2014

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

**FRAUD, WASTE AND ABUSE INVESTIGATION REPORT NO. 2014-01**

Carson City Audit Committee

A complaint was received on the Carson City Fraud, Waste and Abuse hotline on January 24, 2014.

Moss Adams conducted an investigation during the period of February and March 2014. We obtained relevant supporting documentation and made inquiries of knowledgeable individuals. In addition, we obtained information from the District Attorney's office.

Based on the evidence obtained, there is no evidence of criminal or civil wrongdoing.

Since the City has already addressed the issue through policy and process changes, we have no additional recommendations.

This report is intended solely for the information and use of the Carson City Audit Committee and Board of Supervisors, and it is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP  
Portland, Oregon  
March 27, 2014

## Carson City Audit Committee

### Agenda Report

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Michael Bertrand, Chairman

**Subject Title:** For Possible Action: Discussion and possible action regarding monitoring of the Audit Findings Response Tracking Report and possible direction to the internal auditor to report and discuss the monitoring with the Board of Supervisors.

**Summary:** Representatives from Moss Adams and city staff will discuss Audit Findings Monitoring.

**Type of Action Requested:** (check one)

( ) Resolution

( ) Ordinance

( X ) Formal Action/Motion

( ) Other (Discussion Only)

**Does This Action Require A Business Impact Statement:** ( ) Yes ( X ) No

**Recommended Committee Action:** Will depend on the discussion.

**Explanation for Recommended Committee Action:** See Staff Summary

**Applicable Statute, Code, Policy, Rule or Regulation:** N/A

**Fiscal Impact:** N/A


Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Internal Audit Findings Response Tracking Report

Prepared By: Nick Providenti, Finance Director

Reviewed By:   
(Finance Director)

Date: 4/14/14

Board Action Taken:

Motion:

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	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

---

(Vote Recorded By)

**Carson City - Audit Findings Tracking Report**

Report Name	Report Submittal	BOS Approval	Plan to Implement	Reporting Entity	Report Findings	Response Findings	Completed Findings	Costs to Implement	Potential Savings	Actual Savings
Community Facility Cost Recovery Study Eagle Valley Golf Course	10/3/2012			City Auditor	10		4			
Public Defender Cost and Utilization Study	11/28/2012			City Auditor	4					
Community Facility Cost Recovery Study	11/28/2012	1/17/2013		City Auditor	15		1			
Fleet Management Efficiency Study	6/22/2013	7/18/2013		City Auditor	24		4			
Fleet Utilization Study	1/30/2014	4/3/2014		City Auditor	12					
<b>Total</b>					65		9			

**Legend:**

Report Submittal = date report presented to BOS

BOS Approval = date report adopted by BOS

Plan to Implement = date implementation plan presented by management to BOS

Reporting Entity = organization that prepared the report

Report Findings = number of findings in the report

Response Findings = number of findings management plans to respond to implementation plan

Completed Findings = number of findings completed by management

Costs to Implement = any costs incurred by the City to complete findings

Potential Savings = potential savings identified in the report

Actual Savings = actual savings achieved by the City by completing the findings

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
1			1	Many vehicle and equipment descriptions were found to be mislabeled.	Align the City's fleet classification and description labeling system with industry best practice.	Fleet	Fleet Manager							
2			2	The City does not comprehensively track and use utilization data.	Update the utilization analysis in six months after initial recommendations have been implemented to reestablish a baseline and every two years thereafter.	Fleet	Fleet Manager							
3			3	The City does not comprehensively use breakeven analysis or mileage reimbursement analysis to determine the most economical mode of transportation.	Update guidelines and policies that support the most cost-effective means of transportation, and periodically update the cost analyses.	Fleet	Fleet Manager							
4			4	The City has doe not comprehensively use utilization data to management its fleet size.	Reduce and reassign the fleet based on results of the utilization analysis.	Fleet	Fleet Manager				y			
5			5	Carson City operates a small, centralized motor pool consisting of one sedan located in the parking garage at City Hall.	Expand the central motor pool at City Hall, utilizing existing City vehicles and/or rental cars to provide access to vehicles that may be needed due to the surplusing of underutilized vehicles.	Fleet	Fleet Manager							
6			6	The City does not charge a fee for the use of vehicle pool units.	Calculate rental rates to recover ownership and operational costs of all pool units.	Fleet	Fleet Manager							
7			7	City employees are not aware of all transportation options and which option is the most economical in each situation.	Train employees on guidelines and policies covering when to use a City vehicle, mileage reimbursement, or a rental vehicle.	Fleet	Fleet Manager							
8			8	The City does not leverage the State's rental car contracts.	Utilize the State of Nevada's rental car contract for rental vehicles to supplement the City pool when units are out of service due to extensive repair work or for peak needs.	Fleet	Fleet Manager							



Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
9			9	Fleet Services owns two vehicles that it loans to Fleet customers who have their city vehicles in for maintenance and repair work.	Expand the shop loaner pool.	Fleet	Fleet Manager							
10			10	Carson City does not operate a heavy equipment pool.	Establish a new heavy equipment pool, supplemented with rentals, to provide access to equipment that may be needed due to the surplus of underutilized equipment, and require all requests for heavy equipment rentals to be processed and approved through a single City source.	Fleet	Fleet Manager							
11			11	The City has not established rental rates for heavy equipment.	Develop rental rates to recoup all ownership and operational costs of each unit in the heavy equipment pool.	Fleet	Fleet Manager							
12			12	Carson City's vehicle use policy does not provide specific criteria by which to justify a City vehicle to be taken home.	Revise the current vehicle take-home policy to add specific criteria relating to take-home and standby vehicle assignments. Review all vehicle take-home and current standby authorizations, and justify approvals based on the new vehicle take-home policy.	Fleet	Fleet Manager							

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
1	7/18/2013	Yes, specify direction	III.A.1	The Fleet Services facility could be organized more efficiently.	Redesign the main shop to support better workflow, provide supervision, and restrict customer access to work areas.	Fleet	Fleet Manager	Fleet Services is currently in the design process for a small fleet building expansion and minor remodel of the existing facility, these changes will facilitate this recommendation.						
2	7/18/2013	Yes, specify direction	III.B.2	Fleet Services' preventive maintenance program is underdeveloped.	Schedule the preventive maintenance workload for the entire year.	Fleet	Fleet Manager	The current software does not allow for this function. Fleet Services is are evaluating new software programs and plan to proceed with the purchase of a new fleet software program that will provide us the ability to perform long range scheduling of preventive maintenance.						
3	7/18/2013	Yes, specify direction	III.B.3	The preventive maintenance checklists used by Fleet Services are too general.	Redesign preventive maintenance checklists to reflect appropriate (manufacturer) inspections that are applicable to various classes of vehicles and equipment, as well as a progressive inspection process.	Fleet	Fleet Manager	The new software program referenced above will have predesigned check lists that can also be customized to reflect any special requirements for the vehicle from the equipment manufacture.						
4	7/18/2013	Yes, specify direction	III.B.4	Most scheduled service intervals are too frequent.	Base service intervals according to vehicle manufacturer recommendations.	Fleet	Fleet Manager	Recommendation has been adopted. A new software program will also help improve the ability to track this information more efficiently in the future.			Y			
5	7/18/2013	Yes, specify direction	III.B.5	The current service request form is inadequate.	Develop a dedicated service request form that states time reported, estimated time to repair, and actual completed time.	Fleet	Fleet Manager	Functionality will be added with new software purchase. The new software has a service request form and the ability to provide estimated time to repair and also report on the actual time it took to complete the repair. Additionally, you can e-mail that estimate and the final report to the customer to improve reporting.						
6	7/18/2013	Yes, specify direction	III.B.6	Fleet Services does not have a parts person to support the needs of mechanics.	Hire a full-time Storekeeper to perform all parts-related duties.	Fleet	Fleet Manager	This position would be difficult to fund and in reality due to the small size of our shop and the streamlining of our parts operation via the remodel the mechanics will spend far less time retrieving parts than they have in the past. We feel efficiencies will certainly be gained through the remodel and expansion and the use of the new software. We suggest holding off for a year or more to determine if this is feasible or necessary.						

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
7	7/18/2013	Yes, specify direction	III.B.7	Parts are procured through ongoing purchase orders with several local vendors, and expenditures are expected to exceed budget by 22% this year.	Issue a request for proposals and award contracts with vendors to provide fleet parts with set prices and delivery criteria.	Fleet	Fleet Manager	Through the use of the new software we will produce an accurate parts inventory and this coupled with a year of parts use data should allow us to bid these parts with a high degree of accuracy.						
8	7/18/2013	Yes, specify direction	III.B.8	Parts tracking and inventory are manual processes.	Include parts tracking and inventory in the requirements for the planned enhanced fleet management system.	Fleet	Fleet Manager	This recommendation will be easily accommodated with the use of the new software.						
9	7/18/2013	Yes, specify direction	III.B.9	Repair services are procured on a case-by-case basis with local vendors, and expenditures are expected to exceed the budget by 66% this year.	Issue an RFP and award a contract to provide fleet repair services with local vendors with set prices, delivery criteria, and warranties.	Fleet	Fleet Manager	Fleet services is currently researching information in order to facilitate this recommendation. Several of the specific repair types could be contracted under this concept however other unique repairs will still require fleet to obtain repair quotes and go with the best price such as body damage repairs.						
10	7/18/2013	Yes, specify direction	III.B.10	Not all fuel data is being captured.	Integrate fuel data from CFN reports into the planned enhanced fleet management system in order to compute average fuel consumption (mpg) by vehicle and by class, fuel cost per mile, and average total fuel cost by class.	Fleet	Fleet Manager	The new software will allow the integration of the fuel data report directly into the program and will track average fuel consumption by vehicle and by class; fuel cost and will allow reporting of the data in several different formats.						
11	7/18/2013	Yes, specify direction	III.C.11	Mechanic staffing levels are not sufficient to support the number and type of vehicles that Fleet Services maintains.	Hire three additional mechanics, track and monitor non-wrenching hours, and establish a 70% performance productivity goal for mechanics.	Fleet	Fleet Manager	Unfortunately at this time we are unable to fund 3 additional staff, however we recognize the need for additional mechanics and we are working toward possibly adding 1 additional mechanic for bus repair. This position would be funded through the transit fund and will only be possible after the fleet expansion as we currently have no room for another mechanic within current facilities. To add more mechanics would require adding even more service bays to the facility which is not possible under current funding.						
12	7/18/2013	Yes, specify direction	III.C.12	Fleet Services operates only one shift per day.	Add a swing shift or overlapping shift to better accommodate the schedules of fleet customers.	Fleet	Fleet Manager	The current fleet facility will not accommodate the additional mechanics we would need to run an overlapping shift and changing to a swing shift for just a mechanic or two would not be efficient.						

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
13	7/18/2013	Yes, specify direction	III.C.13	The fleet management function is currently performed on a part-time basis.	Create a full-time Fleet Manager position.	Fleet	Fleet Manager	We have adjusted the responsibilities of our current fleet manager who has many years of supervisory and managerial experience in the city. He is currently enrolled in the Rocky Mountain Fleet Managers associations "Fleet Manager" certification program and we are confident that with his skills and experience and the introduction of new software we will achieve improved efficiencies in managing our fleet.			Y			
14	7/18/2013	Yes, specify direction	III.D.14	The Fleet CIP may understate the need for vehicle replacement.	Incorporate more realistic replacement intervals, as well as salvage values, auction fees, and make-ready costs, into the City's long-range replacement plan.	Fleet, Finance	Fleet Manager, Finance Director	We fully support the idea of realistic replacement intervals. We will work with finance to attempt to find funding to accommodate this recommendation.						
15	7/18/2013	Yes, specify direction	III.D.15	Vehicle replacement intervals are not optimized.	Adopt a methodology to support the replacement of vehicles and equipment based on the "optimum economic life point" of a unit.	Fleet, Finance	Fleet Manager, Finance Director	We fully support the idea of realistic replacement intervals. We will work with finance to attempt to find funding to accommodate this recommendation.						
16	7/18/2013	Yes, specify direction	III.D.16	The decision to retain a fleet unit beyond its optimal replacement point has historically been a City department decision, not the decision of Fleet Services.	Establish a vehicle/equipment replacement fund to which customers contribute to the replacement cost of their units over time.	Fleet, Finance	Fleet Manager, Finance Director	We will explore this idea and evaluate all the mechanisms of funding available to the departments. And again, we will work with finance to attempt to find funding to accommodate this recommendation.						
17	7/18/2013	Yes, specify direction	III.D.17	The City's fleet may be too large and underutilized.	Conduct a basic utilization review of the entire fleet, requiring departments to justify the need for each assignment, whether it be individually assigned or assigned as a sub-pool vehicle to the department.	Fleet	Fleet Manager	Moss Adams recently completed a utilization study that accomplished this recommendation. We will continue to evaluate utilization of each unit into the future.			Y			
18	7/18/2013	Yes, specify direction	III.E.18	The City uses two separate accounts to budget for fleet maintenance and repair and does not use a chargeback system.	Develop a comprehensive and accountable chargeback system that incorporates fleet replacement, overhead, and all operational costs.	Fleet, Finance	Fleet Manager, Finance Director	We will explore this idea and work with finance in order to account for these costs in the most efficient manner.						

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
19	7/18/2013	Yes, specify direction	III.E.19	Fleet Services' hourly rate is low, and no markups are applied to parts, fuel, or commercial repair work.	Develop shop labor rates and markups/charges by appropriately allocating labor and overhead costs, including the functions of administration/asset management, maintenance/repair, fuel, parts, and commercial repair work.	Fleet	Fleet Manager	The shop labor rate will be adjusted in accordance with the most recent data and the new software will allow a very accurate tracking of all labor and will facilitate the appropriate distribution of cost for all associated functions. This will ensure proper allocation of charges for all work performed.						
20	7/18/2013	Yes, specify direction	III.E.20	Fleet Services performs some non-fleet work for other City departments.	Discontinue the practice of performing non-fleet work for City departments.	Fleet	Fleet Manager	This is a reference to the fabrication work performed by the fleet shop. We have actually changed our practices to a degree and we are contracting with outside vendors for certain fabricating tasks, but fleet still pays for these costs. The ability of the departments to fully absorb this cost is questionable and we will work with finance to determine if costs can be transferred to the department requiring the work.			Y			
21	7/18/2013	Yes, specify direction	III.F.21	Comprehensive fleet management policies are not in place.	Establish a Vehicle and Equipment Committee to develop and oversee implementation of comprehensive administrative policies for vehicles and equipment.	Fleet	Fleet Manager	We will take this recommendation forward to the city manager.						
22	7/18/2013	Yes, specify direction	III.F.22	Regular customer feedback is solicited; however, service level agreements with customers are not in place.	Develop service level agreements between Fleet Services and each of its City department customers.	Fleet	Fleet Manager	We are planning to study the feasibility of providing variable levels of services to our customers and will explore with them their desire to enter in to such an agreement and determine if it is cost effective for the city overall.						
23	7/18/2013	Yes, specify direction	III.F.23	Fleet Services performance metrics are not currently in place.	Establish performance measures and monitor them with the goal of measuring performance against industry and shop standards.	Fleet	Fleet Manager	We support this recommendation and will move forward to begin to establish appropriate performance standards that are industry based.						
24	7/18/2013	Yes, specify direction	III.F.24	Fleet Services does not generate any reports to management or its fleet customers.	Develop monthly management reports for Public Works Department, the City Manager, and all fleet customer departments.	Fleet	Fleet Manager	The new software provides a myriad of reporting and tracking capability that will prove invaluable for providing this information.						

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1	1/17/2013	Yes, specify direction	IV.A.1	The Carson City School District is a major user of many community facilities at no cost.	Evaluate the cost-effectiveness of School District and other Joint Use Agreements.	Parks and Recreation, City Manager's Officer	Parks and Recreation Director, City Manager	Staff has evaluated use by both parties and have found that both parties and the public receive significant value to this arrangement. Probably the greatest savings has been in the reduction of the duplication of facilities by both parties. The Joint Use Agreement has eliminated the need for the building of a school district pool, performance theater and meeting room for School Board meetings. This has been a direct savings to our mutual tax payers.			y			
2	1/17/2013	Yes, specify direction	IV.A.2	School District reservations take precedence over paying customers.	Consider reprioritizing reservations and bookings at the Community Center and Theater to better accommodate paying customers.	Parks and Recreation	Parks and Recreation Director	There are some measures that can be employed to decrease our costs for providing the School District free use of our facilities such as the implementation of a per ticket surcharge or fee per ticket sold for some of the larger School District's productions. This has been implemented on a limited basis with success.						
3	1/17/2013	Yes, specify direction	IV.A.3	Program and facility cost recovery and discounts vary widely between Parks and Recreation activities, largely driven by Board of Supervisors resolutions.	Conduct a cost recovery and activity prioritization process with the input of the Board of Supervisors to develop an updated cost recovery model and mission for the Parks and Recreation Department.	Parks and Recreation	Parks and Recreation Director	Since there has been no direction by the Board regarding this item no action has been taken. The Parks & Recreation Department is still operating under the direction provided by the Board through the acceptance of the Parks & Recreation Master Plan that was adopted by the Board in 2006. This Master Plan identified the definition of cost recovery and approved a mission statement for the Department.						
4	1/17/2013	Yes, specify direction	IV.B.1	Most programs and activities housed at the Community Center achieve 100% or greater cost recovery.	Continue to support programs with the highest amount of cost recovery.	Parks and Recreation	Parks and Recreation Director	The Parks and Recreation Department strives to cover a minimum of 100% cost recovery as defined and stipulated by the Parks & Recreation Master Plan.						
5	1/17/2013	Yes, specify direction	IV.B.2	The Community Center receives a 56% General Fund subsidy.	Pursue opportunities to increase revenues, particularly for the Theater.	Parks and Recreation		The Parks & Recreation Department is constantly looking for ways to increase revenues for the Theater. Our ability to increase revenues is hampered by a very small staffing level that doesn't allow for effective marketing of the facility and by the Board of Supervisor's past action of giving deep discounts to non-profit use of the facility which makes up about 80% of the Theater's use.						

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6	1/17/2013	Yes, specify direction	IV.B.3	Theater operations, budgeting, and planning are integrated with the Community Center.	Itemize Community Center revenues and expenditures to determine the sources and uses of funds and enable more precise budgeting.	Parks and Recreation, Finance	Parks and Recreation Director, Recreation Operations Manager, Finance Director	The Parks & Recreation Department would have to work with the Finance Department to achieve this and it may be problematic since the same staff operates the Theater, Community Center and gym.						
7	1/17/2013	Yes, specify direction	IV.B.4	Question 18 funds would be available to support Theater operations if planned capital improvements were made.	Determine how to leverage Question 18 funds to make capital improvements and unlock operations funding.	Parks and Recreation, Finance	Parks and Recreation Director, Finance Director	Revenues through the ¼ cent sales tax is still down compared to revenues of previous years going back to 2008 and before. Staff uses Q18 funds for grant matches whenever possible for leverage. Q18 funds have been used as leverage and matches for capital improvement projects at the JohnD Winters Centennial Park, the Fairgrounds, the Community Center and in other park projects.						
8	1/17/2013	Yes, specify direction	IV.B.5	The Theater does not have dedicated marketing or booking support.	Investigate the feasibility of employing a dedicated marketing and booking staff member to manage and promote Theater reservations.	Parks and Recreation	Parks and Recreation Director, Recreation Operations Manager	The Board of Supervisors would have to approve and fund a dedicated marketing and booking staff. The Theater has been operating with reduced staff that are an outcome of budget reduction methods employed since 2007.						
9	1/17/2013	Yes, specify direction	IV.B.6	There are currently no fundraising, sponsorship, or advertising initiatives for the Theater.	Explore opportunities for sponsorships, fundraising, and advertising for the Theater.	Parks and Recreation	Parks and Recreation Director, Recreation Operations Manager	As stated in Item 10, the lack of staff has made it difficult to explore opportunities for the above. The small staffing level has resulted in the Theater being passively promoted. The advent of the digital reader board will provide some assistance in this area.						
10	1/17/2013	Yes, specify direction	IV.B.7	Marketing, coordination, fundraising, maintenance, and management of the Theater are limited by City budget constraints.	Evaluate the opportunity for outsourcing management and operations of the Theater to a non-profit.	Parks and Recreation	Parks and Recreation Director, Recreation Operations Manager	No action has been taken in this area. There may be an opportunity to outsource the operations. A non-profit may be somewhat more immune to political influences in the operations of the facility especially in the setting of fees. However, the City would give up some control into the operations. A non-profit would still need to make money. The ability of another entity of being profitable would be compromised if the City insisted that the deep discounts afforded to use by non-profit organizations continue.						

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
11	1/17/2013	Yes, specify direction	IV.C.1	The Aquatic Facility receives a 50% General Fund subsidy.	Consider raising admissions fees.	Parks and Recreation	Parks and Recreation Director, Pool Manager	The City has reduced hours and services at the Aquatics Facility making it difficult to rationalize increasing fees. The existing fees are in line with other area aquatics facilities. Staff has felt that are fees are somewhat inelastic since they are in line with other facilities such as the Douglas County Aquatics Facility in Minden which is a newer and more attractive facility.						
12	1/17/2013	Yes, specify direction	IV.C.2	Recreational leisure use of the Aquatic Facility is limited.	Market the outdoor pool for recreational use during the summer.	Parks and Recreation	Parks and Recreation Director, Pool Manager	Staff strives to strike a balance in the use of the pool by lap swimmers, recreational users and competitive swim clubs. Most of the use of the outdoor pool during the summer is recreational use. Additional marketing would require an increase in the budget for this purpose.						
13	1/17/2013	Yes, specify direction	IV.C.3	The Aquatic Facility is not promoted on the Convention and Visitors Bureau website.	Collaborate with the Convention and Visitors Bureau to market the Aquatic Facility to residents and visitors.	Parks and Recreation, CVB	Parks and Recreation Director, CVB Director	The Aquatics Facility doesn't have many of the modern attractions that many newer leisure pools have such as lazy rivers, large slides, fountains, sprays and wave devices. The strongest attraction is the 50 meter pool that can host large competitive events.						
14	1/17/2013	Yes, specify direction	IV.D.1	Ice Rink advertising revenues fell 47.6% from FY 10-11 to FY 11-12.	Continue to pursue advertising and sponsorship opportunities.	Parks and Recreation	Parks and Recreation Director, Recreation Manager	Ice Rink advertising revenues did increase during the 2011-12 skating season. Staff is hoping to improve this season. Sponsorship opportunities with entities such as the Downtown Business Association and the Chamber of Commerce have been ongoing.						
15	1/17/2013	Yes, specify direction	IV.D.2	The Ice Rink is not available to rent for private events.	Explore revenue generating opportunities for renting the Ice Rink for events.	Parks and Recreation	Parks and Recreation Director, Recreation Manager	The Ice Rink is rented for special events. The Downtown Business Association and the Chamber as well as some private entities have rented the Rink for events. In addition, private and public entities are allowed to rent the warming tent for events. This has been very popular for events such as birthday parties.						



Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
1	1/17/2013*	No		4 findings provided in the report.	4 recs provided in the report.	City Manager's office	City Manager	Even though the BOS did not provide direction to City staff, the City Manager intends to meet with the Nevada State Public Defender (NSPD) to review costs to Carson City for services provided by NSPD.						

\* Board of Supervisors accepted the report, but it did approve or provide management implementation direction.

Item No.	BOS Acceptance /Approval	BOS Direction to Implement	Finding No.	Finding	Recommendation	Dept.	Owner	Remediation Plan (Course of Action & Expected Benefits)	Est. Cost	Est. Savings	Finding corrected? (Y, N, Partial)	Expected Compl. Date	Actual Compl. Date	Status Comments
1	1/17/2013*	No		10 findings provided in the report.	10 recs provided in the report, some for CCMGC action and some for City action.	City Manager's office	City Manager	Even though the BOS did not provide direction to City staff, the City Manager and the Director of Finance negotiated a new lease agreement with CCMGC. The new agreement provides for payment to the City based on a percentage of CCMGC revenue for as long as CCMGC is operating the golf courses.						

\* Board of Supervisors accepted the report, but it did approve or provide management implementation direction.

Carson City Audit Committee

Agenda Report

Date Submitted: April 14, 2014

Agenda Date Requested: April 22, 2014

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion and possible action to identify, discuss, and provide recommendations to the Board of Supervisors on additional projects to be performed by the Internal Auditor for the period ending June 30, 2015.

Summary: Moss Adams will provide recommendations for future internal audits for the period ending June 30, 2015.

Type of Action Requested: (check one)

( ) Resolution

( ) Ordinance

( X ) Formal Action/Motion

( ) Other (Specify)

Does This Action Require A Business Impact Statement: ( ) Yes ( X ) No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: Will depend on the motion.


Explanation of Impact: Will depend on the motion

Funding Source: Internal Audit budget

Alternatives: N/A

Supporting Material: Memo from Moss-Adams

Prepared By: Michael Bertrand

Reviewed By:   
(Finance Director)

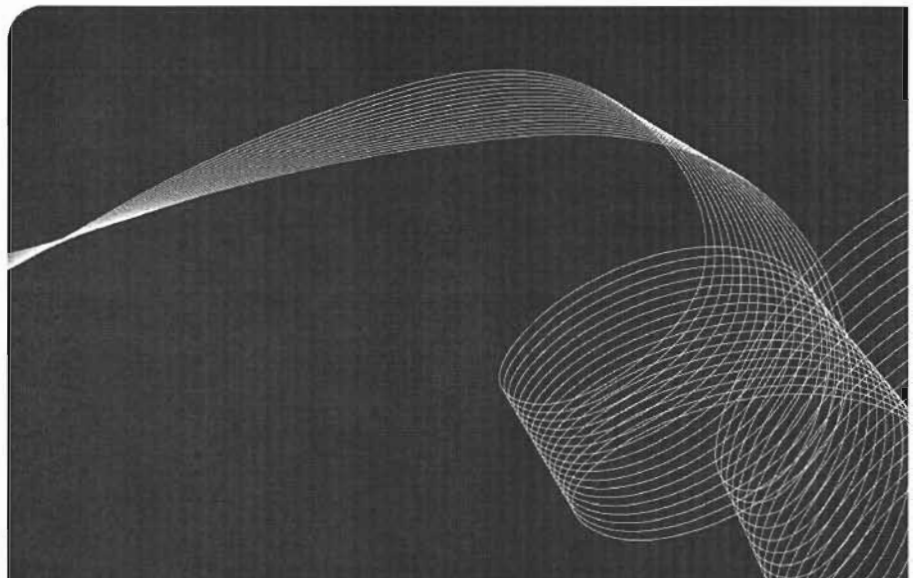
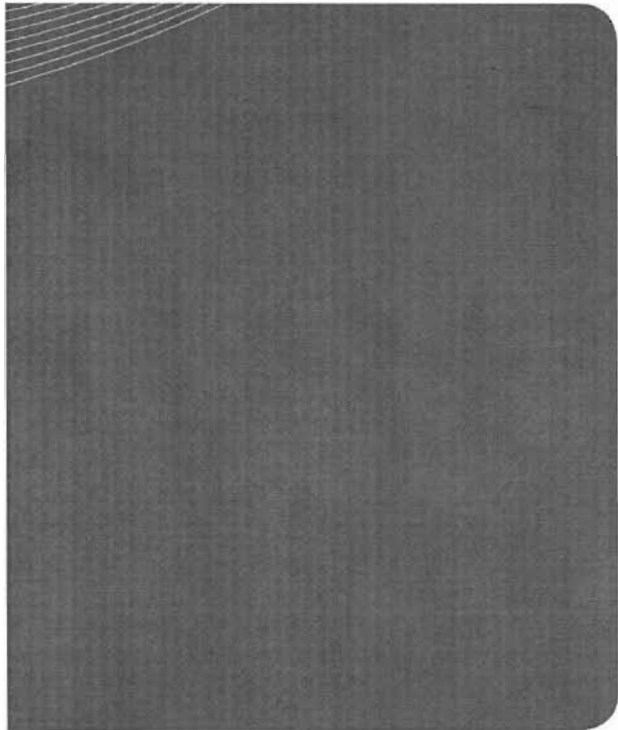
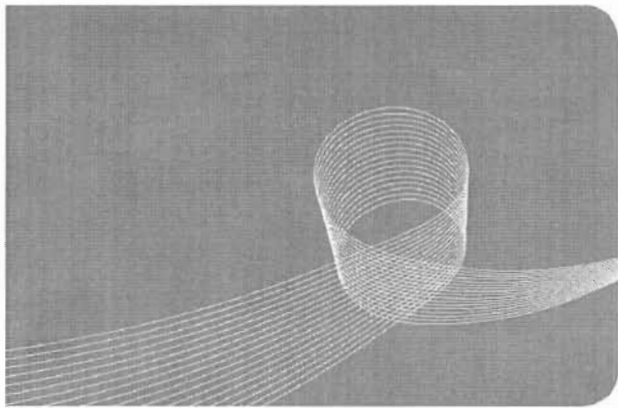
Date: 4/14/14

Board Action Taken:

Motion: \_\_\_\_\_

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_  
(Vote Recorded By)



**Carson City**

**Audit Committee Meeting**  
**April 22, 2014**

**MOSS ADAMS** LLP  
Certified Public Accountants | Business Consultants  
*Acumen. Agility. Answers.*

The right side of the folder features a dark background with a large, abstract graphic of a wireframe torus, similar to the one in the top-left panel but rendered in a lighter shade. Below this graphic, the text is centered and presented in a clean, sans-serif font. The company name and tagline are located in the bottom right corner.



# AGENDA

- I. Introduction
- II. Audit Program Review
- III. FY 14-15 Audit Plan



## I. INTRODUCTION

- The City retained Moss Adams LLP in January 2012 to serve as the designated City Auditor and conduct projects focusing on:
  - Efficiency and effectiveness
  - Management reviews
  - Best practices
  - Compliance
- Work is being completed under the standards from the Institute of Internal Auditors (IIA) and the AICPA's consultancy standards

## II. AUDIT PROGRAM REVIEW

Project	Year	Fees	Potential Savings	Potential ROI	Actual Savings	Actual ROI
Risk Assessment	2012	\$40,000	\$0	n/a		
Public Defender Study	2012	\$20,000	\$95,000 - \$369,000	5/1 to 18/1		
Eagle Valley Golf Study	2012	\$20,000	\$50,000 - \$100,000	3/1 to 5/1		
Community Facilities Study	2012	\$15,000	\$30,000 - \$60,000	2/1 to 4/1		
Fleet Efficiency Study	2013	\$55,000	\$174,000 - \$381,000	3/1 to 7/1		
Fleet Utilization Study	2013	\$30,000	\$92,000 - \$98,500	3/1		
FWA Program Dev./Coord.	2013	\$40,000	\$0			
Performance Metrics	2013	\$30,000	\$0			
Total		\$250,000	\$441,000 - \$1,009,000	2/1 to 4/1		





# III. FY 14-15 AUDIT PLAN: OVERVIEW





### III. FY 14-15 AUDIT PLAN: POSSIBLE PROJECTS

- |   |          |
|---|----------|
| • Basic Internal Auditor Services       | \$10,000 |
| • Internal Controls Review              | \$40,000 |
| • Strategic Planning (PM Dev. Phase 2)  | \$30,000 |
| • Wastewater Capital Program Study      | \$30,000 |
| • Utility Billing Study                 | \$30,000 |
| • Internal Control Project and Training | \$30,000 |



### III. FY 14-15 AUDIT PLAN: POSSIBLE PROJECTS

- Basic Internal Auditor Services: Attend Audit Committee and Board of Supervisors (BOS) meetings; perform implementation performance monitoring and review (52 weeks, \$10,000)
- Internal Controls Review: Conduct a review of the City's internal controls framework focusing on selected key controls in areas deemed important to protecting the City's assets and resources and processing and reporting timely financial information (12-14 weeks, \$40,000)
- Strategic Planning: Work with the City Manager, Deputy City Manager, and Department Heads to update the City's strategic plan and update KPIs as required to align with priority strategies (14-16 weeks, \$30,000)
- Wastewater Capital Program Study: Review the City's wastewater capital program related to project procurement, contract management, and future maintenance and operations (16-18 weeks, \$30,000)
- Utility Billing Study: Assess opportunities for enhancing operational efficiency, service effectiveness, and internal controls (10-12 weeks, \$30,000)
- Internal Control Project and Training: Help the City strengthen one internal control area and provide internal control training. (10-12 weeks, \$30,000)

Carson City Audit Committee

Agenda Report

Date Submitted: 04/14/2014

Agenda Date Requested: 04/22/2014

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Appoint 1 member of the audit committee to act as a liaison to communicate with the external auditor.

Summary: CCMC Chapter 2.14 requires the audit committee have an "open line of communication" with the external auditor. The appointed audit committee member can report back to the chair and/or the audit committee any communications they would have with the external auditor and if they have concerns, they could talk to the chair and if warranted, have a future agenda item to discuss their concerns with the audit committee and make any necessary recommendations to the Board of Supervisors.

Type of Action Requested: (check one)

( ) Resolution

( ) Ordinance

( X ) Formal Action/Motion

( ) Other (Discussion Only)

Does This Action Require A Business Impact Statement: ( ) Yes ( X ) No

Recommended Committee Action: I move to appoint \_\_\_\_\_ to act as a liaison to communicate with the external auditor.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: CCMC Chapter 2.14

Fiscal Impact: N/A

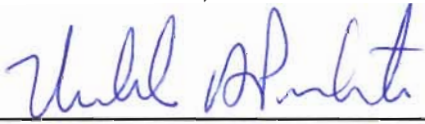
Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Do not appoint a liaison.

Supporting Material: CCMC Chapter 2.14

Prepared By: Nick Providenti, Finance Director

Reviewed By: 

(Finance Director)

Date: 4/14/14

Board Action Taken:

Motion: \_\_\_\_\_

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_

(Vote Recorded By)

Carson City, Nevada, Code of Ordinances >> Title 2 - ADMINISTRATION AND PERSONNEL\* >> Chapter 2.14 - CARSON CITY AUDIT COMMITTEE >>

**Chapter 2.14 - CARSON CITY AUDIT COMMITTEE**

**Sections:**

- 2.14.010 - Introduction.
- 2.14.020 - Purpose of the Carson City audit committee.
- 2.14.030 - Composition of the Carson City audit committee.
- 2.14.040 - Responsibilities of the Carson City audit committee
- 2.14.050 - Meetings of the Carson City audit committee.
- 2.14.060 - Organizational chart.

**2.14.010 - Introduction.**

As the demand for enhanced accountability and the increased examination of an adequate system of internal controls occurs in the public sector due to the Sarbanes-Oxley Act, so does the significance and importance of an audit committee.

The independence and objectivity between the Carson City audit committee and the city's management team ensures that internal controls are a key management objective of the city's operation. The Government Finance Officers Association and the Institute of Internal Auditors encourage the effective use of an audit committee in the public sector and considers this committee an integral element of public accountability and governance. The Carson City audit committee plays a key role with respect to integrity of the city's financial information; its systems of internal controls, the legal and ethical conduct of management and employees, and is an invaluable tool for ensuring that those responsible for financial management (management, auditors, and governing boards) meet the respective responsibilities for internal control compliance and financial reporting. Additionally, the Carson City audit committee provides a vehicle for open communications between the board of supervisors, the city management team, internal audit, and the independent external auditors.

*(Ord. 2008-10 § 3. 2008)*

**2.14.020 - Purpose of the Carson City audit committee.**

The role of the Carson City audit committee is to maintain oversight of the auditing function, both internal and external resulting in increased integrity and efficiency of the audit processes for the city and the city's system of internal controls and financial reporting. The committee has three primary characteristics for it to successfully fill its obligations:

1. Independence. The Carson City audit committee will be independent both in fact and in appearance and requires processes to be in place to ensure such independence is maintained at all times.
2. Communication. The Carson City audit committee will maintain an open line of communication with the board of supervisors, city management, internal and external

auditors; providing direction for the city's audit function and a framework of accountability.

3. **Accountability.** The Carson City audit committee contributes to the integrity of the financial reporting process and reinforces the culture of a strong system of internal controls throughout the city.

The Carson City audit committee shall provide oversight to the city's internal controls by assuring that the system of internal controls established by management are reviewed on a regular and systematic basis for functionality and effectiveness. The Carson City audit committee's duties shall include, but are not limited to, development of the risk assessment and annual work plan, review of all individual audit reports, review of the annual report of audits completed, review the status of corrective actions, the annual budget, and the performance of the internal auditor. Upon completion of these reviews, the Carson City audit committee will make appropriate recommendations to the board of supervisors.

*(Ord. 2008-10 § 4, 2008)*

#### 2.14.030 - Composition of the Carson City audit committee.

1. The Carson City audit committee will be independent and objective in its collective mindset individually and as a group. The committee will reflect the following attributes:
  - a. Excellent communication skills with each other and with others;
  - b. A willingness to fully participate in complex and sensitive matters that require resolution;
  - c. Public accounting, governmental accounting and auditing experience.
2. The Carson City audit committee shall be comprised of five (5) members; one (1) member from the board of supervisors and four (4) members from the public at-large.
  - a. One (1) member of the Carson City audit committee will be selected from the board of supervisors. The board member shall be selected each January when the board of supervisors addresses board and commission assignments.
  - b. The four (4) members at-large of the Carson City audit committee will be interviewed and selected by the board of supervisors. These members should have experience in financial services, public accounting, and/or governmental auditing, and current knowledge of public laws and regulations governing an audit committee. The terms shall be for staggered two (2) years; expiring on each alternate year.
  - c. The members at-large shall not accept any consulting, advisory, or other compensatory fees from the city and may not be an affiliated person with the city or any subsidiary thereof.
3. Should a vacancy occur in any position on the Carson City audit committee, the board of supervisors must follow the procedure set forth above to select a new member for the committee. The selection must occur within one (1) month of the vacancy occurring.
4. When deemed necessary, the Carson City audit committee may request that the city manager and other management employees attend a Carson City audit committee meeting in an advisory capacity. This individual may be requested to provide necessary information relative to internal controls, data, and analysis related to the specific objectives of the Carson City audit committee.

*(Ord. 2008-10 § 5, 2008)*

*(Ord. No. 2009-24, § 1, 10-1-2009 )*

#### 2.14.040 - Responsibilities of the Carson City audit committee.

1. The Carson City audit committee will review and make recommendations to the board of supervisors regarding the annual financial audit, performance, compliance and efficiency audits, including specific issues of concern providing a higher level of accountability over the use of public funds and the adequacy of any city department or office performance measure for internal audit purposes. Reviews and recommendations by the internal auditor will be guided by the internal auditing standards. As appropriate, background documents related to specific audit issues will be sent to the committee during the course of each year.
2. The Carson City audit committee will:
  - a. Provide input into the annual risk assessment plan developed by the city auditor to identify areas of risk or exposure facing the city's organization; review and assess the steps necessary to minimize such risks in the future and improve operating efficiencies; oversee the internal auditor's creation and implementation of processes to identify potential fraud, waste and abuse of city resources and property and a findings reporting protocol;
  - b. Identify with key directors significant risks or exposures facing their organizations/operations to develop a "risk plan" and "audit work plan" to prioritize the city auditor's work load and assess the need for professional services;
  - c. Annually review the audit scope and work plan of the city auditor in conjunction with the external auditors plan to address the coordination of audit efforts to ensure the completeness of coverage, reduction of redundant efforts and effective use of audit resources;
  - d. Discuss the fiscal health of the city in relation to the adopted budget with the city manager and the director of finance;
  - e. Consider matters related to the systems of internal controls, including overseeing compliance by management with applicable policies and procedures;
  - f. Review and make recommendations to the board of supervisors regarding audit findings including the status and implementation of recommendations for both internal and external audits;
  - g. Review and make recommendations to the board of supervisors pertaining to the internal audit budget for operating expenses and capital expenditures;
  - h. Oversee the appointment of the independent auditors to be engaged by the board of supervisors for external reporting and recommend to the board of supervisors the related audit fees;
  - i. Recommend to the board of supervisors to engage outside professional services when deemed appropriate for audit issues;
  - j. Review the internal audit charter and make recommendations to the board of supervisors when changes are deemed necessary;
  - k. Review and make recommendations to the board of supervisors for special requests for audit projects and have the authority to perform other duties as may be delegated to it by the board of supervisors;
3. Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards require an independent auditor to evaluate the city's internal controls in connection with determining the extent of their audit procedures. The external auditors are required to alert the Carson City audit committee and the governing body regarding material matters. The Carson City audit committee will:
  - a.



Review and make recommendations to the board of supervisors pertaining to the external auditors annual audit plan and inquire into external audit matters as deemed appropriate;

- b. Oversee the appointment of the independent auditors to be engaged by the board of supervisors for external reporting and establish the related audit fees; review and evaluate the performance of the independent auditors and establish a regular schedule for periodically re-bidding the annual audit;
- c. Review and make recommendations to the board of supervisors regarding all significant written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

*(Ord. 2008-10 § 6, 2008)*

*(Ord. No. 2012-11, § 1, 8-2-2012)*

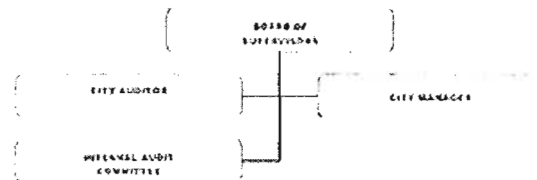
#### 2.14.050 - Meetings of the Carson City audit committee.

1. The Carson City audit committee will meet quarterly. All members are expected to attend on a regular basis.
2. The Carson City audit committee may ask members of management or others to attend meetings and to provide pertinent information when necessary.
3. Meetings are scheduled in accordance with the state's open meeting laws. The city auditor shall establish the agenda for meetings and will provide to members in advance, all appropriate briefing material.

*(Ord. 2005-10 § 7, 2008)*

*(Ord. No. 2009-24, § 11, 10-1-2009)*

#### 2.14.060 - Organizational chart.



*(Ord. 2008-10 § 8, 2008)*