

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
November 5, 2008
(approved December 11, 2008)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the Las Vegas Library, Las Vegas, Nevada, at 12:03 p.m., Wednesday, November 5, 2008.

Present: Committee: A. Aguirre, Chair
A. Arthurholtz
K. Carter (via phone)
F. Barron, ex-officio (via phone)

Counsel: G. Welt

Absent: K. Benavidez
E. Sanchez

Staff: Daniel L. Walters, Executive Director
Fred James, Deputy Director, CFO
Numerous Staff

Guests: Martha Ford, Piercy, Bowler, Taylor & Kern

A. Aguirre, Chair, called the meeting to order at 12:03 p.m.

Roll Call All members listed above represent a quorum. Trustee Barron called in at 12:12 p.m. The absences are excused.

Agenda Trustee Arthurholtz moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Discussion and possible committee action regarding a recommendation to accept the 2007-2008 Audit Report and recommend adoption of the Fiscal Year 2007-2008 Audit at the Board of Trustees' meeting on November 13, 2008. (Item. III.)

Fred James, Deputy Director, CFO introduced Martha Ford, principal of Piercy, Bowler, Taylor & Kern (PBTk) to discuss the Fiscal Year 2007-2008 Audit.

Ms. Ford reported that the audit of the District's financial statements has been completed and that PBTk would shortly issue an unqualified opinion on the statements. PBTk staff also completed the compliance audit of the monies received by the District under federal grants and have no findings to report.

Committee Chair Aguirre noted that Executive Director Walters was planning to retire and asked what role the auditors could play, such as doing financial due diligence on the final candidates, as the Board moved to select his replacement.

Ms. Ford noted that the change in management would qualify as a "significant change" which would require PBTk to perform due diligence on the new Executive Director prior to accepting an assignment to do the Fiscal Year 2008-2009 Audit. The due diligence would consist of a background check primarily looking for criminal activity, for example, federal indictments. While a financial report on the new Executive Director is generally not part of their due diligence, it would be done if PBTk staff had evidence to believe that such a report should be done.

Ms. Ford noted that the type of background check referred to by Committee Chair Aguirre is generally done by the search firm being used or the District's legal counsel, not the auditors. Ford added that PBTK would request that a copy of the background information on the successful candidate be provided to them.

Trustee Barron arrived during Ms. Ford's response.

Trustee Arthurholtz moved to accept the 2007-2008 Audit Report and recommend adoption of the audit as presented by the auditors at the Board of Trustees meeting on November 13, 2008. There was no opposition and the motion carried.

In response to a question from Trustee Barron, Ms. Ford explained the financial due diligence investigation done by the auditors prior to accepting an audit assignment is more prevalent since the passage of the Sarbanes-Oxley Act. It is generally done if a client in the private sector has undergone a "significant change" which may affect the audit. While it is not necessary to do such a detailed investigation during a management change or similar occurrence in the public sector, Ford said that PBTK staff do so on all clients in order to maintain the firm's reputation.

Executive Director Walters said he believed that Clarity, the search firm chosen by the Trustees, would be conducting all the background checks, up to and including credit checks, for the final candidates and could be directed by Trustees to coordinate with the auditors to confirm what information they need.

Trustee Barron and Committee Chair Aguirre agreed on the necessity of background checks. Mr. Walters said that Cameron Stuart of Clarity would be presenting a report on the Executive Director search at the November Board meeting and advised Trustees that it be a good time to ask questions regarding background checks.

Public Comment
(Item IV.)

None.

Adjournment
(Item V.)

Trustee Arthurholtz moved to adjourn the meeting at 12:22 p.m. There was no opposition and the motion carried.

Respectfully submitted,

Aldo Aguirre, Committee Chair