



CONVENTION AND VISITORS AUTHORITY

**Audit Committee Meeting
Tuesday, May 8, 2007
Minutes**

The Audit Committee of the Board of Directors of the Las Vegas Convention and Visitors Authority met on the 8th day of May 2007 at the Las Vegas Convention Center in the Board Room, at 3150 Paradise Road, Las Vegas, Nevada. This meeting had been properly noticed and posted in compliance with the "Nevada Open Meeting Law."

CALL TO ORDER Committee Chair Keith Smith called the meeting to order at 10:57 a.m. On roll call the following committee members were present constituting a quorum of the Committee thereof:

Committee Members Present: Mr. Keith Smith, Committee Chair
 Councilman Larry Brown
 Commissioner Tom Collins
 Mayor Michael Montandon

Committee Member Absent: Mr. Tom Jenkin

Other Members of the Board of Directors in Attendance: Mayor Oscar Goodman
 Mayor Bill Nicholes

LVCVA Executive Staff in Attendance Rossi Ralenkotter, President/CEO
 Terry Jicinsky, Senior Vice President - Marketing
 E. James Gans, Senior Vice President - Operations
 Luke Puschnig, Legal Counsel

APPROVAL OF THE AGENDA **Committee Member Larry Brown moved and it was carried by unanimous vote of the Committee members present to approve the May 8, 2007 Audit Committee Meeting Agenda as presented.**

Introduction Mr. Jon Reese, Senior Manager of Internal Audit, introduced two new LVCVA Internal Auditors, Ms Marie Heil and Mr. Tony Simos.

The Committee welcomed the new auditors.

INTERNAL AUDIT REPORT Mr. Reese presented the Internal Auditor's Report updating the committee on the internal audit activities that have taken place since the last meeting of this committee, including the following:

Electronic Fund and Wire Transfer Audit
The focus of this audit was the setup, administration, and processing of the electronic fund transfers and wire transfer transactions. This included a review of procedural as well as program controls of the processing software.

INTERNAL AUDIT
REPORT
(Continued)

Expense Report Audit

This audit consisted of reviewing a sample of travel and local expense reports reimbursed during July, August, and September 2006 for proper completion, approval, adequate backup, and compliance with policy and procedure. The travel, entertainment, and expense reporting policies were also reviewed for adequacy.

Paid Parking Audit

This audit consisted of an observation of the parking cash fund process at the Convention Center and unannounced counts of the cash funds at the Convention Center and at Cashman Center by Internal Audit. The administration of the funds and the cash handling practices were reviewed and tested for compliance with the parking cash procedures.

Accounts Payable Audit

The audit consisted of reviewing a sample of payments issued from July 1, 2005 through March 20, 2006 for proper documentation and authorization in accordance with policy, determining that reconciliations were completed in a timely manner, and reviewing the A/P system access for appropriateness. The audit also included an examination and evaluation of the adequacy of the system of internal controls.

Leave Request Audit

An audit was done reconciling leave taken in the *Time and Attendance* system and the new *Workforce* system to original leave requests for all exempt employees for the period January 1, 2005 through July 29, 2006. Leave requests were the primary source used for determining any unreported leave time.

Procurement Card Audit

The audit consisted of reviewing a sample of procurement card statements from July 2005 through August 2006 for proper completion, approval, adequate backup and compliance with policies and procedures. Analysis of cardholders' activity was also performed.

Non-bargaining Productivity Bonus Audit

The 2006 non-bargaining employee bonus payments were recalculated and traced to supporting documentation. Calculations were tested against the latest bonus calculation criteria established by management.

PTO Sell-Back Audit

The 2006 PTO sell-back payments were recalculated and traced to supporting documentation. Deductions to employees' PTO accrual balances were also reviewed for appropriateness.

Petty Cash Audit

An unannounced count of the Finance petty cash was conducted in December 2006. The administration and disbursement of the fund was reviewed for compliance with petty cash procedures.

INTERNAL AUDIT
REPORT
(Continued)

Payroll Data Extractions

Data extraction routines are run each payroll that identify various changes or exceptions to employees' pay. These items are reviewed for appropriateness and those outside of certain parameters are reviewed in more detail and traced to supporting documentation.

The Internal Audit Report is an information item. No committee action required.

SELECTION OF
INDEPENDENT
AUDIT FIRM

Nevada law requires the governing body of local governments designate an independent audit firm by March 31 of each year to the Nevada Department of Taxation.

In January 2007, the LVCVA requested an engagement letter from Kafoury, Armstrong & Company, the LVCVA's independent auditors for the past three years. Kafoury, Armstrong & Company responded proposing a 79% increase in audit fees. In view of this unanticipated increase, staff obtained an extension of the notification deadline until June 5, 2007 from the Department of Taxation.

Audit Services are professional services and exempt from competitive bidding, however, the Government Finance Officers' Association recommends that government entities actively seek the participation of all qualified firms, including the current auditors. Members of the Audit Committee were notified that competitive bids for the fiscal year 2006/2007 audit would be obtained.

In March 2007, requests for proposals were issued to 12 local public accounting firms. Four firms submitted proposals on April 4, 2007. A 3-member evaluation committee, acting independently and separately, reviewed and rated each proposal. Upon completion of the evaluations, the firm of *Piercy, Bowler, Taylor & Kern* ranked the highest.

Fiscal Impact:

FY 2007/2008 - Estimated Expenditure: \$33,500

Member Larry Brown moved and it was carried by unanimous vote of the committee members present to: 1) Select the highest-ranking certified public accounting firm of *Piercy, Bowler, Taylor & Kern* for a five-year period, in the FY 07/08 amount of \$33,500, with annual reappointment; and, 2) Recommend their selection to the Board of Directors at the June 12, 2007 meeting.

CONSTRUCTION
AUDIT SERVICES

An important part of the Master Plan Enhancement Program is a comprehensive audit throughout the development process and continuing through construction. The two main components of the audit are: 1) An overall review of the program's organization, practices and procedures to determine where the LVCVA has risk for cost or schedule overruns and suggest solutions to mitigate that risk during the development process; and, 2) Periodic audits of the processes and procedures identified during the overall review to assess compliance.

Audit services are professional services and are exempt from the competitive bidding. Request for Proposals were issued to 24 firms, and six firms submitted proposals. An evaluation committee, including an outside consultant to assist with the negotiations, reviewed the criteria and recommended the top-ranking firm of *Jefferson Wells International* to perform the construction audit services.

Fiscal Impact:

Estimated Expenditure: FY 2007/2008 - \$101,450
FY 2008/2009 - \$136,500
FY 2009/2010 - \$134,125

Member Keith Smith expressed his support of the construction audit services, and said that he believes this is an important part of the project.

Member Larry Brown moved and it was carried by unanimous vote of the committee members present to select the firm of *Jefferson Wells International* as the top-ranked proposer to provide construction audit services for the Master Plan Enhancement Program and to recommend their selection to the Board of Directors for possible action.

SCHEDULING
OF THE NEXT
MEETING

The next Audit Committee meeting is scheduled be held on October 25, 2007, or at the call of the Chair.

DIRECTORS'
RECOGNITION

There were no additional comments from the Committee Members.



COMMENTS FROM THE FLOOR BY THE PUBLIC There were no comments from the floor by the public.

ADJOURNMENT There being no further business to come before the Audit Committee, Chairman Keith Smith adjourned the meeting at 11:14 a.m.

Respectfully submitted,

Date Approved: October 25, 2007

(s) _____
Carol Fergen
Executive Assistant to the Board

(s) _____
Keith Smith
Audit Committee Chair