

S U M M A R Y M I N U T E S

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE
ORANGE COUNTY, CA



Thursday, June 4, 2020, 10:00 A.M.

Meeting held by teleconference

ROBERT BROWN (2019)
AOC CHAIRMAN
Private Sector Member, Fifth District

MARK WILLE, CPA (2022)
AOC VICE CHAIRMAN
Private Sector Member, Third District

SUPERVISOR MICHELLE STEEL
BOARD CHAIRWOMAN
Second District
Member

SUPERVISOR ANDREW DO
BOARD VICE CHAIRMAN
First District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

DREW ATWATER (2021)
Private Sector Member, First District

VACANT
Private Sector Member, Second District

STELLA ACOSTA, CPA (2023)
Private Sector Member, Fourth District

Non-Voting Members

Treasurer-Tax Collector:
Auditor-Controller:

Absent
Frank Davies, CPA

Staff

Internal Audit Department:
Deputy County Counsel:
Clerk:

Aggie Alonso, CPA
Ronnie Magsaysay
Mari Elias

ATTENDANCE: Robert Brown, AOC Chairman, Private Sector Member
Mark Wille, AOC Vice Chair, Private Sector Member
Chris Gaarder, Proxy for Supervisor Andrew Do
Arie Dana, Proxy for Supervisor Michelle Steel
Drew Atwater, Private Sector Member
Stella Acosta, Private Sector Member
Michelle Aguirre, Proxy for Frank Kim

PRESENT: Frank Davies, Auditor-Controller
Aggie Alonso, Director
Ronnie Magsaysay, Deputy County Counsel
Mari Elias, Clerk

S U M M A R Y M I N U T E S

1. Roll call and Self Introductions

Mr. Robert Brown, Audit Oversight Committee (AOC) Chairman, called the meeting to order at 10:00 A.M. Attendance of AOC Members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of February 20, 2020

Mr. Brown asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of February 20, 2020.

Motion to approve the minutes by Mr. Wille, seconded by Mr. Atwater.

**Vote by Roll Call. All in favor, none opposed.
Approved as recommended**

3. Discuss Status of Revised Audit Oversight Committee Bylaws

Mr. Brown stated that the Revised Audit Oversight Committee Bylaws are scheduled to go to the Board of Supervisors on June 23, 2020.

4. Receive Report on the County's Cybersecurity Program

Mr. Joel Golub, Chief Information Officer, stated that the County had to expand telecommuting quickly. Mr. KC Roestenberg, Chief Information Technology Officer, provided additional details regarding the expansion and impacted IT areas, including deployment of devices and an increase in required internet bandwidth. Mr. Rafael Linares, Chief Information Security Officer, discussed what OCIT is doing to protect the County during this expansion. Mr. Linares emphasized the importance of having trained employees, as they are the first line of defense against attacks.

5. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner at Eide Bailly LLC, stated that Eide Bailly is in the risk assessment phase of planning, including updating its understanding of the County. Mr. Alfaro discussed attachment A-2, which highlighted responsibilities, timelines, and the extent of coverage of the external auditors. Eide Bailly continues to receive help from Auditor-Controller Internal Audit Division for fieldwork. Attachment B discussed the unmodified opinion regarding compliance in one of the major programs tested.

6. Discuss Member Vacancies in Audit Oversight Committee, and Staff Vacancies in Internal Audit Department and Auditor-Controller

Mr. Brown introduced Arie Dana, Chief of Staff for Supervisor Steel's office, to provide an update on the status of the Second District Private Sector Member vacancy. Mr. Dana stated the office is working on appointing someone as quickly as possible.

S U M M A R Y M I N U T E S

Internal Audit Department Director Aggie Alonso and Auditor-Controller Frank Davies provided an update on the status of their respective department vacant positions. Ms. Michelle Aguirre, County Financial Officer, stated that at the June 2nd Board of Supervisor's meeting, 548 vacant positions were deleted to cover revenue losses of \$400 million. The Board of Supervisors approved the recommended base budget, but formal budget adoption was moved to September. Any positions that were deleted will be re-evaluated in September, based on revenue backfill.

7. Discuss Audit Oversight Committee Retreat Status

Mr. Brown stated that the retreat was originally scheduled in March but was postponed indefinitely because it was not considered essential. Mr. Brown stated he would like to revisit the retreat and hold it before the end of the year, but it could be deferred to 2021. Mr. Alonso stated that the retreat could be held sooner than 2021 if done virtually.

8. Receive Report on Status of Auditor-Controller Mandated Audits

Mr. Davies, Auditor-Controller, provided an update on the status of Mandated Audits. Mr. Wille, Audit Oversight Committee Vice Chair, thanked Mr. Davies for his report on the status of mandated audits and for the office's transparency in reporting.

9. Receive Report on Status of Performance Audits

Ms. Aguirre stated there have been some delays in performance audits, but audits continue to move forward. Several reports are in the final stage, with departments preparing responses to findings and recommendations, and others in draft report status.

10. Approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2020-21

Mr. Alonso presented the Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2020-21. Mr. Alonso stated that IT audit hours were increased, and Business Process Improvement workshops were postponed due to insufficient staff. Mr. Alonso stated there are 23 audits in the plan, but the department has resources to complete 20 audits.

Motion to approve the Internal Audit Department Annual Risk Assessment & Audit Plan for FY 2020-21 by Mr. Gaarder, seconded by Mr. Wille.

Vote by Roll Call. All in favor, none opposed.

Approved as recommended

11. Approve Internal Audit Department's FY 2019-20 3rd Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2020

Mr. Alonso stated the Internal Audit Department issued four final reports and four draft reports for the quarter ended March 31, 2020. The audits had no critical or significant control findings, but there were 7 control findings. Mr. Alonso stated that some audits were postponed due to departments reallocating resources to the COVID-19 response.

S U M M A R Y M I N U T E S

Motion to approve the Internal Audit Department Status Report and Executive Summary for the quarter ended March 31, 2020 by Mr. Wille, seconded by Mr. Brown

**Vote by Roll Call. All in favor, none opposed.
Approved as recommended**

12. Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended March 31, 2020

Mr. Scott Suzuki, Internal Audit Department Assistant Director, presented the External Audit Activity Status Report for the quarter ended March 31, 2020. Mr. Suzuki stated there was one disallowance from the OC Sheriff's Department (OCSD) where the amount of a claim reimbursed to the County was reduced.

Ms. Noma Crook from OCSD stated that the disallowance had to do with Senate Bill 90. OCSD calculated time from receipt of a dispatch call to identification of a staff report, but OCSD received different guidance from the State of California. Ms. Crook stated that based on OCSD's interpretation of the guidelines, State auditors conducted interviews with investigative staff and allowable time was about half of what OCSD had claimed. Ms. Crook stated that several counties had the same challenges with their claims.

Motion to approve the Quarterly External Audit Activity Status Report for the quarter ended March 31, 2020 by Mr. Wille, seconded by Mr. Gaarder

**Vote by Roll Call. All in favor, none opposed.
Approved as recommended**

PUBLIC COMMENTS: None

AOC COMMENTS & ADJOURNMENT:

AOC COMMENTS: Mr. Wille and Mr. Brown thanked all the participants for attending the virtual meeting and thanked Internal Audit Department staff for help with coordinating and the test calls that were held.

ADJOURNMENT: Meeting adjourned at 11:50 A.M.

NEXT MEETING:

Regular Meeting, August 13, 2020, 10 A.M.