

# 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, February 10, 2022, 10:00 A.M.**

MEETING HELD BY TELECONFERENCE

**MARK WILLE, CPA**  
AOC CHAIR  
Private Sector Member, Third District

**STELLA ACOSTA, CPA**  
AOC VICE CHAIR  
Private Sector Member, Fourth District

**SUPERVISOR DOUG CHAFFEE**  
BOARD CHAIRMAN  
Fourth District  
Member

**SUPERVISOR DON WAGNER**  
BOARD VICE CHAIRMAN  
Third District  
Member

**FRANK KIM**  
COUNTY EXECUTIVE OFFICER  
Member

**DREW ATWATER**  
Private Sector Member, First District

**YVONNE ROWDEN**  
Private Sector Member, Second District

**ROBERT BROWN**  
Private Sector Member, Fifth District

## **Non-Voting Members**

Auditor-Controller:  
Treasurer-Tax Collector:  
Internal Audit Director:

Frank Davies, CPA  
Shari Freidenrich, CPA  
Aggie Alonso, CPA

## **Staff**

Assistant Internal Audit Director:  
Deputy County Counsel:  
AOC Clerk:

Scott Suzuki, CPA  
Ronnie Magsaysay  
Mari Elias

ATTENDANCE: Mark Wille, AOC Chairman, Private Sector Member  
Stella Acosta, AOC Vice Chair, Private Sector Member  
Jessica Guerrero, Proxy for Supervisor Chaffee  
Patricia Welch-Foster, Proxy for Supervisor Wagner  
Michelle Aguirre, Proxy for CEO Frank Kim  
Yvonne Rowden, Private Sector Member  
Drew Atwater, Private Sector Member  
Robert Brown, Private Sector Member

PRESENT: Shari Freidenrich, Treasurer-Tax Collector  
Frank Davies, Auditor-Controller  
Aggie Alonso, Internal Audit Director  
Ronnie Magsaysay, Deputy County Counsel  
Mari Elias, AOC Clerk

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## 1. Roll call

Mr. Mark Wille, Audit Oversight Committee (AOC) Chair, 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 November 4, 2021

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of November 4, 2021.

**Motion to approve the Meeting Minutes of November 4, 2021, by Mr. Robert Brown, seconded by Mr. Drew Atwater.**

**Seven in favor, one absent.**

**Approved as recommended.**

## 3. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner at Eide Bailly, discussed attachments reflecting Eide Bailly's status on audits in progress, as well as those recently completed.

## 4. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2021

Mr. Aggie Alonso, Director of Internal Audit, presented the Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2021. During this period, the Internal Audit Department issued six final reports and seven pre-draft/draft reports.

**Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2021, by Mr. Drew Atwater, seconded by Ms. Stella Acosta.**

**Seven in favor, one absent.**

**Approved as recommended.**

## 5. Receive Report on Implementation Status of Auditor-Controller Claims Audit

Mr. Alonso stated the outstanding recommendation on the Auditor-Controller Claims audit related to creating a policy for the Claims and Accounts Payable process was in the final review phase and would be signed any day now.

## 6. Approve External Audit Activity Status Report for the Quarter Ended December 31, 2021, and Receive Report on Status of External Audit Recommendations Implementation

Mr. Scott Suzuki, Assistant Director, presented the External Audit Activity Status Report for the Quarter Ended December 31, 2021. Mr. Suzuki stated there were no material findings during this reporting period.

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**Motion to approve the External Audit Activity Status Report for the Quarter Ended December 31, 2021, by Mr. Robert Brown, seconded by Mr. Drew Atwater.**

**Eight in favor. Ms. Michelle Aguirre joined the meeting as Mr. Frank Kim's Proxy and voted.**

**Approved as recommended.**

**7. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2021**

Mr. Frank Davies, Auditor-Controller, introduced Michael Steinhaus, Mandated Audits Manager. Mr. Steinhaus provided a status report of the Mandated Audits for the quarter ended December 31, 2021.

**8. Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2021**

Ms. Lilly Simmering, Deputy County Executive Officer, provided a status report of Performance Audits for Fiscal Years 2019-20, 2020-21, 2021-22.

**9. Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee**

Mr. Mark Wille provided an update on the Treasurer-Tax Collector (T-TC) Performance Audit subcommittee meetings. Mr. Wille stated that he's meeting with Ms. Aguirre, Ms. Freidenrich, and Mr. Kim on a regular basis to ensure T-TC has the resources needed to implement the recommendations. Ms. Aguirre added that T-TC and the subcommittee are in the right track and making progress, but it will take time.

**10. Receive Presentation on Proposed Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees**

Mr. Ronnie Magsaysay, Deputy County Counsel, discussed proposed revisions to the AOC Bylaws to conform to the Board-approved Bylaws template. Mr. Robert Brown stated that the AOC Bylaws call for a review at least once every three years and suggested a subcommittee be appointed to discuss the proposed changes and any other appropriate changes.

Mr. Wille appointed Mr. Brown as the Subcommittee Chair, with Drew Atwater and Yvonne Rowden being the other two appointees. Non-voting subcommittee members are Ronnie Magsaysay and Aggie Alonso.

**11. Receive Report on COSO Internal Control Framework and County Accounting Manual**

Mr. Frank Davies, Auditor-Controller, provided information regarding the COSO Internal Control Framework and County Accounting Manual.

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## **12. Receive Report on County Revolving Funds**

Mr. Alonso stated that he met with Ms. Shari Freidenrich and Auditor-Controller Mr. Frank Davies to discuss the revolving funds controls and processes. During their meeting, they agreed that the current CAM Policy and Procedures sufficiently address revolving funds control and processes, and there is appropriate audit coverage of the County's revolving funds.

## **13. Receive Report on eProcurement**

Ms. Michelle Aguirre provided a status update on the eProcurement.

## **14. Update on County IT Projects Quarterly Progress Report, Most Critical IT Challenge Impacting the County, and Best Practices for Password Tracking**

Mr. Joel Golub, Chief Information Officer, provided an update on pending and on-going County IT projects.

## **15. Discuss Brown Act Teleconferencing Requirements and Direct Internal Audit Department Staff to Schedule an AOC Meeting Within the Next 30 Days to Make Certain Findings Pursuant to Government Code Section 5495(e)**

Mr. Ronnie Magsaysay discussed Brown Act Teleconferencing Requirements.

**PUBLIC COMMENTS:** None.

**AOC COMMENTS:** Ms. Yvonne Rowden stated that she agreed with Mr. Davies on requiring all new employees to go through the Internal Control Training. Mr. Rowden suggested that it could be required to be completed within 90 days of being hired.

Mr. Robert Brown stated that like in prior years, once the cross-referenced Comprehensive Annual Financial Report (CAFR) is available, he would like the External Auditors to hold a workshop to go over it with the AOC.

**ADJOURNMENT:** Meeting adjourned at 12:05 P.M.

**NEXT MEETING:** Regular Meeting, May 19, 2022 at 10:00 A.M.