

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, May 19, 2022, 10:00 A.M.

County Administration South
601 N. Ross St. Multipurpose Rooms 103/105
Santa Ana, CA 92701

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
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 February 10, 2022

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of February 10, 2022.

Motion to approve the Meeting Minutes of February 10, 2022, by Mr. Robert Brown, seconded by Mr. Drew Atwater.

Seven in favor, one absent.

Approved as recommended.

3. Approve Audit Oversight Committee Regular Meeting Minutes of February 22, 2022

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of February 22, 2022.

Motion to approve the Meeting Minutes of February 22, 2022, by Mr. Robert Brown, seconded by Mr. Drew Atwater.

Seven in favor, one absent.

Approved as recommended.

8. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended March 31, 2022

Mr. Frank Davies, Auditor-Controller, introduced Sal Lopez, Chief Deputy Auditor-Controller. Mr. Lopez provided a status report of the Mandated Audits for the quarter ended March 31, 2022.

14. Discuss Status of External Auditor Procurement Process

Mr. Davies stated that, in conformance with the County's procurement process, his office is requesting that the AOC Chairman confidentially appoint an AOC member for the evaluation committee to review submitted Requests for Proposals. Requests for Proposals will be published this summer.

17. Discuss Annual Comprehensive Financial Report (ACFR) Special Meeting/Training

Mr. Wille stated that, in an overabundance of caution to Brown Act requirements, an ACFR Special Meeting will be scheduled on June 20th from 9 AM – 10:30 AM. Mr. Davies requested that the AOC members review the ACFR and send specific questions ahead of time.

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4. 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.

5. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2022

Mr. Aggie Alonso, Director of Internal Audit, presented the Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2022.

Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2022, by Mr. Robert Brown, seconded by Ms. Stella Acosta.

Seven in favor, one absent.

Approved as recommended.

6. Approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2022-23

Mr. Alonso presented the Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2022-23.

Motion to approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2022-23, by Ms. Michelle Aguirre, seconded by Mr. Robert Brown.

Seven in favor, one absent.

Approved as recommended.

7. Approve External Audit Activity Status Report for the Quarter Ended March 31, 2022, 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 March 31, 2022. Mr. Suzuki stated there were two material findings during this reporting period.

Motion to approve the External Audit Activity Status Report for the Quarter Ended December 31, 2021, by Mr. Drew Atwater, seconded by Ms. Yvonne Rowden.

Seven in favor, one absent.

Approved as recommended.

9. Receive Report on Status of Performance Audits for the Quarter Ended March 31, 2022

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

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10. 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.

11. Receive Update on Revised Reporting Process for Restricted Reports

Mr. Suzuki stated that Internal Audit re-evaluated its role in disclosing information for IT audits. Background information can be used by a threat actor and, therefore, the public information version of these reports will be further restricted. The Audit Oversight Committee Chair and Vice Chair will continue to receive a verbal update from the Director of Internal Audit.

12. Receive Report and Approve Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees

Mr. Robert Brown, Public Sector Member, stated that the AOC Chair appointed a subcommittee to review the AOC Bylaws due to the Board of Supervisors' directive to standardize all board, commissions, and committees' bylaws under its jurisdiction. In addition, the bylaws indicate they are to be reviewed no less than every 3 years and this review satisfies that requirement.

Mr. Ronnie Magsaysay, Deputy County Counsel, stated that most of the changes were administrative or practices the AOC already follows.

Motion to approve the Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees, by Mr. Robert Brown, seconded by Mr. Drew Atwater.

Seven in favor, one absent.

Approved as recommended.

13. COSO/Internal Control Training 2.0 Update

Mr. Alonso stated that the Auditor-Controller's office is in the process of updating policy on COSO/Internal Controls. Mr. Alonso added that the current Internal Control Training program was created within existing resources and time constraints. The upgraded training is expected to be rolled out in August of FY 2022-23, which will coincide with the release of the revisions to the COSO/Internal Controls policy.

15. Receive Report on eProcurement

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

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

Mr. KC Roestenberg, Chief Technology Officer and Assistant Chief Information Officer, provided an update on the IT projects quarterly progress report and most critical IT challenge impacting the county. Mr. Rafael Linares, Chief Information Security Officer, presented on best practices for password tracking.

PUBLIC COMMENTS: None.

AOC COMMENTS: None

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

NEXT MEETING:

Regular Meeting, August 11, 2022 at 10:00 A.M.