

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 16, 2024, 10:00 A.M.

County Administration South
601 N. Ross St., County Conference Center Room 104
Santa Ana, CA 92701

DREW ATWATER

AOC CHAIR
Private Sector Member, First District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

FRANK KIM

COUNTY EXECUTIVE OFFICER
Member

MARK WILLE, CPA

Private Sector Member, Third District

YVONNE ROWDEN

AOC VICE CHAIR
Private Sector Member, Fifth District

SUPERVISOR DOUG CHAFFEE

BOARD VICE CHAIRMAN
Fourth District
Member

TIM JOHNSON, CPA

Private Sector Member, Second District

LARRY HIMMEL

Private Sector Member, Fourth District

Non-Voting Members

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

Andrew Hamilton, CPA
Shari Freidenrich, CPA
Aggie Alonso, CPA

Staff

Deputy County Counsel:
AOC Clerk:

Ronnie Magsaysay
Stephany Franco

ATTENDANCE:

Patricia Welch-Foster, Proxy for Supervisor Wagner
Jesus Gaona Perez, Proxy for Supervisor Chaffee
Frank Kim, County Executive Officer – Not Present
Tim Johnson, Private Sector Member
Mark Wille, Private Sector Member
Larry Himmel, Private Sector Member

PRESENT:

Andrew Hamilton, Auditor-Controller
Shari Friedenrich, Treasurer-Tax Collector
Aggie Alonso, Internal Audit Director
Ronnie Magsaysay, Deputy County Counsel
Stephany Franco, AOC Clerk

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1. Roll call

Mr. Drew Atwater, 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 7, 2024

Mr. Atwater asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of February 7, 2024.

Motion to approve the Regular Meeting Minutes of February 7, 2024, by Drew Atwater, seconded by Mark Wille.

All in favor.

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 for March 31, 2024. Mr. Alfaro reported a qualified opinion in their Fiscal Year (FY) 2023-24 Single Audit Report. Specifically, Eide Bailly's report on compliance for each major federal program included a qualified opinion for the Foster Care Title IV-E (93.658) Program as a result of not complying with required sub-recipient monitoring.

As a result, AOC Chair Drew Atwater appointed a sub-committee to ensure appropriate corrective action is taken to address the required federal sub-recipient monitoring. The sub-committee consists of two voting members: Mr. Mark Wille, and Mr. Tim Johnson, one non-voting member: Mr. Aggie Alonso, Chief Financial Officer: Michelle Aguirre, Social Services Agency Director: An Tran, Eide Bailly Partner: David Showalter, and County Counsel: Ronnie Magsaysay.

4. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2024

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, 2024. Mr. Alonso reported that Internal Audit is projecting 15 audits to be carried forward to FY 2024-25 due to various factors including seven unplanned carryovers from the prior FY, unplanned staff leaves/vacancies, and unplanned assignments. Internal Audit is planning to outsource five audits and fill their four current vacancies.

At the request of the AOC, AOC Chair Drew Atwater, CFO Michelle Aguirre, and IAD Director Aggie Alonso will review IAD staffing and outsourcing options.

Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2024, by Tim Johnson, seconded by Mark Wille.

All in favor.

Approved as recommended.

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5. Approve the Internal Audit Department's Risk Assessment & Audit Plan for FY 2024-25

Mr. Aggie Alonso presented the Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2024-25. The Audit Plan includes 24 high-risk or high-priority audits.

Motion to approve Internal Audit Department's Risk Assessment & Audit Plan for FY 2024-25, by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

6. Approve External Audit Activity Status Report for the Quarter Ended March 31, 2024, and Receive Report on Status of External Audit Recommendations Implementation

Mr. Michael Dean, Assistant Deputy Director, presented the External Audit Activity Status Report for the Quarter Ended March 31, 2024. Mr. Dean reported one material issue noted in one external audit during the quarter. Specifically, the California Department of Child Support Services (CA DCSS), Office of Audits and Compliance (OAC), conducted a review of the Orange County Child Support Services' (CSS) DCSS CS 356 Administrative Expense Claim for the State Fiscal Year SFY 2019-20. The audit resulted in disallowed costs totaling \$830,424. Ms. Maria Arzola, CSS Director, reported that subsequent to the review, CSS worked closely with their County partners to implement a corrective action plan to ensure costs are appropriately claimed and charged to the Department. As a result of CSS's corrective action, Ms. Arzola reported they were not required to repay the \$830,424 in disallowed costs.

Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2024, by Tim Johnson, seconded by Yvonne Rowden.

All in favor.

Approved as recommended.

7. Receive Reports on Status of Auditor-Controller Mandated Audits for the Quarters Ended March 31, 2024

Michael Steinhaus, Auditor-Controller Manager, reported that T-TC is in the process of implementing the recommendation for the one significant deficiency related to the Review of Schedule of Assets for the Quarter Ended 12/31/2020. As a result, Mr. Steinhaus recommended that the AOC request that the Auditor-Controller perform a third follow-up. The AOC agreed with the recommendation and asked that the Auditor-Controller to perform a third follow-up review to ensure corrective action was taken to implement the recommendation.

Motion to conduct a Third Follow-Up audit of Treasurer Tax-Collector accounting systems, by Mark Wille, seconded by Yvonne Rowden.

All in favor.

Approved as recommended.

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8. Receive Reports on Status of Performance Audits for the Quarter Ended March 31, 2024

Ms. Lisa Fernandez, Director, provided updates on Performance Audits.

9. Receive Report on eProcurement

Mr. Andrew Hamilton, Auditor-Controller, provided a status update on eProcurement.

10. Receive Update on County IT Projects Quarterly Process Report

Mr. KC Roestenberg, Chief Information Officer, provided an update on the IT projects quarterly progress.

11. Receive Update on Current IT Cybersecurity Landscape and how OCIT is Working with County Departments to Minimize Potential Threats

Mr. KC Roestenberg, provided an update on the current IT cybersecurity landscape.

PUBLIC COMMENTS: None.

AOC COMMENTS: Auditor Controller, Mr. Andrew Hamilton announced that Executive Management, JC Squires will be retiring after 10 ½ years with the County.

ADJOURNMENT: Meeting adjourned at 11:47 A.M.

NEXT MEETING:

Regular Meeting, Thursday, August 22, 2024 at 10:00 A.M.