

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, November 7, 2024, 10:00 A.M.

County Administration South
601 N. Ross St., County Conference Center 104/106
Santa Ana, CA 92701

DREW ATWATER

AOC CHAIR
Private Sector Member, First District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

MICHELLE AGUIRRE

INTERIM 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
Gabriela Cabrera

ATTENDANCE:

Drew Atwater, AOC Chairman, Private Sector Member
Yvonne Rowden, AOC Vice Chair, Private Sector Member
Jesus Gaona Perez, Proxy for Supervisor Chaffee
Michelle Aguirre, Interim County Executive Officer
Tim Johnson, Private Sector Member
Mark Wille, Private Sector Member
Larry Himmel, Private Sector Member

PRESENT:

Sal Lopez, Chief Deputy Auditor-Controller
Dana Schulz, Proxy for Shari Freidenrich, Treasurer-Tax Collector
Aggie Alonso, Internal Audit Director
Ronnie Magsaysay, Deputy County Counsel
Gabriela Cabrera, 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 August 22, 2024

Mr. Atwater asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of August 22, 2024.

Motion to approve the Regular Meeting Minutes of August 22, 2024, by Mark Wille, seconded by Yvonne Rowden.

All in favor.

Approved as recommended.

3. Receive Presentation by Orange County Employees Retirement Systems (OCERS) Regarding Current and Future Funding

Mr. Steven Delaney, Chief Executive Officer of OCERS, presented regarding current and future funding. Mr. Delaney reported that as of December 31, 2023, OCERS' Unfunded Actuarial Accrued Liability was approximately \$4.7 billion, approximately \$43 million less than the prior year.

4. Receive Report on Required Communication from External Auditors

Mr. David Showalter, Partner at Eide Bailly, discussed attachments reflecting Eide Bailly's status on audits in progress, as well as those recently. Mr. Showalter stated they are in the middle of the County's annual financial statements and have begun a single audit with the completion date in December.

Mr. Tim Johnson, Private Sector Member, inquired about Tax-Treasurer Collector (T-TC) scheduled asset audit for 2023. Mr. Showalter stated that they are waiting for management to provide the finalized schedule. Ms. Dana Schulz, Assistant Tax-Treasurer Collector, said they are working with Auditor-Controller to ensure they are in compliance with GAAP before finalizing the schedule. Mr. Showalter said the goal is to complete it by the end of the fiscal year and then begin the audit in 2024. Mr. Atwater and Mr. Mark Willie, Private Sector member, request that T-TC offer an update on the status of the 2023 audit.

5. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2024

Mr. Aggie Alonso, Director of Internal Audit, presented the Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2024. Based on Orange County Waste & Recycling Credit Card audit, Mr. Atwater mentioned there might be risk countywide for any departments receiving card payments. Mr. Alonso confirmed we will review T-TC oversight over card payments and report back.

In addition, regarding the Ocean Institute (OI) audit, Mr. Alonso recommended a third follow-up audit as a result of recommendations that remain in progress. The AOC agreed and took a vote to

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approve the audit. Mr. Willie suggested that OCCR/OC Parks be present at the next AOC meeting to advise on OI's progress in implementing our recommendations.

Additionally, a subcommittee was formed to discuss Internal Audit's risk assessment procedure, with Mr. Mark Wille serving as chair. Mr. Atwater moved to approve, and Ms. Rowden seconded.

Motion to approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2024, by Mark Wille, seconded by Yvonne Rowden.

All in favor.

Approved as recommended.

6. Approve External Audit Activity Status Report for the Quarter Ended September 30, 2024, and Receive Report on Status of External Audit Recommendations Implementation

Mr. Aggie Alonso, presented the External Audit Activity Status Report for the Quarter Ended September 30, 2024. Mr. Alonso stated there were no material findings during this reporting period.

Motion to approve External Audit Activity Status Report for the Quarter Ended September 30, 2024, and Receive Report on Status of External Audit Recommendations Implementation, by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

7. Receive Reports on Status of Auditor-Controller Mandated Audits for the Quarters Ended September 30, 2024

Mr. Sal Lopez, Chief Deputy Auditor-Controller, provided status reports of Mandated Audits for the quarter ended September 30, 2024.

8. Receive Reports on Status of Performance Audits for the Quarter Ended September 30, 2024

Ms. Lisa Fernandez, Director of Performance Management and Policy, provided an update on Performance Audits.

9. Receive Update on ERP Implementation

Mr. Sal Lopez, Chief Deputy Auditor-Controller, provided a status update on ERP Implementation. The RFP process is currently in progress. Mr. Lopez anticipates the RFP vendor recommendation will be submitted to the Board of Supervisors early next year.

10. Receive Update on County IT Projects Quarterly Progress Report

Mr. KC Roestenberg, Chief Information Officer, provided an update on the IT projects quarterly progress, and briefly discuss the County's use of Artificial Intelligence.

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11. Elections of Officers

Mr. Drew asked for nominations for the election of the AOC Chair.

Motion to nominate Yvonne Rowden as AOC Chair made by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

Mr. Drew asked for nominations for the election of the AOC Vice Chair.

Motion to nominate Tim Johnson as AOC Vice Chair by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

PUBLIC COMMENTS:

AOC COMMENTS: Mark Wille commended Drew Atwater for his great job as AOC Chair.

ADJOURNMENT: Meeting adjourned at 11:39 A.M.

NEXT MEETING:

Regular Meeting, Thursday, February 6, 2025 at 10:00 A.M.