

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 14, 2019, 10:00 a.m.

County Administration South
601 N. Ross Street, 1st Floor
Room 103
Santa Ana, CA 92701

DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR LISA A. BARTLETT
BOARD CHAIRWOMAN
Fifth District
Member

SUPERVISOR MICHELLE STEEL
BOARD VICE CHAIR
Second District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

RICHARD MURPHY
Private Sector Member, Second District

MARK WILLE, CPA
Private Sector Member, Third District

VACANT
Private Sector Member, Fourth District

Non-Voting Members

Treasurer-Tax Collector:
Auditor-Controller:

Shari Freidenrich, CPA
Frank Davies, CPA

Staff

Internal Audit Department:
Deputy County Counsel:
Clerk:

Aggie Alonso, CPA
Ronnie Magsaysay
Mari Elias

ATTENDANCE: Drew Atwater, AOC Chairman, Private Sector Member
Robert Brown, AOC Vice Chairman, Private Sector Member
Michelle Aguirre, Proxy for Frank Kim
James Dinwiddie, Proxy for Supervisor Lisa A. Bartlett
Natalie Medvedev, Proxy for Supervisor Michelle Steel
Mark Wille, Private Sector Member

PRESENT: Shari Freidenrich, Treasurer-Tax Collector
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

10:00 A.M.

1. Roll Call

Audit Oversight Committee (AOC) Chairman Mr. Drew Atwater called the meeting to order at 10:05 A.M. Attendance of AOC members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of August 15, 2019

Motion to approve the minutes by Mr. Robert Brown, seconded by Mr. Atwater.

All in favor.

Approved as recommended.

3. Receive Report on the County's Cybersecurity Program

Chief Information Officer Mr. Joel Golub introduced Chief Information Security Officer Rafael Linares to provide an update on cybersecurity efforts. Mr. Linares emphasized the importance of having County employees take the Cybersecurity Awareness training because they are the first line of defense against potential attacks.

4. Discuss Audit Oversight Committee Vacancy and Attendance

Mr. Atwater reported that he has contacted the appropriate Board of Supervisors Districts regarding the vacancy and on-going attendance issues. Mr. Atwater recommended that the next AOC Chair form a subcommittee to discuss updates in the AOC Bylaws to include a mechanism to encourage attendance and expedite appointments for vacancies.

5. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner at Eide Bailly LLP, stated that the external auditors are in the completion stage of the County's Annual Financial Report, as well as completing the final segments for John Wayne Airport and OC Waste & Recycling. Eide Bailly has received draft financial statements and is in the planning phase of determining the major programs that will be audited as part of the federal compliance audit.

6. Receive Introduction from Auditor-Controller

Mr. Frank Davies, Auditor-Controller, introduced himself to the AOC. Mr. Davies stated he is happy to be back at the County and looks forward to leading the Auditor-Controller's office.

7. Receive Report on Status of Mandated Audits

Mr. Michael Steinhaus, Audit Manager for Auditor-Controller Internal Audit Division, provided a status of mandated audits. Mr. Steinhaus stated that audit reports for all Joint Powers Authorities and Special Districts for the FY 2017-18 have been received and posted online.

8. Receive Report on Status of Performance Audits

Ms. Michelle Aguirre, Chief Financial Officer, provided a status report of performance audits. Ms. Aguirre stated that the vendor for the Risk Management audit requested a 3-month extension. Ms. Aguirre stated that the extension will be granted, and she will provide more details at the next

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

meeting. Ms. Aguirre stated that the Scope of Work for the Board-directed Auditor-Controller audit is with the Chairwoman and Vice Chair of the Board. Once the Chairwoman and Vice Chair approve the Scope of Work, the Request for Proposals process will start. Ms. Aguirre stated that the Treasurer-Tax Collector audit will start next week.

9. Discuss Status of Assessor Information Technology General Controls Audit

Mr. Aggie Alonso, Director of Internal Audit, stated that the Assessor review started on October 28, 2019, with fieldwork expected to be completed by mid-December. Mr. Alonso stated that things are going well and thanked Mr. Claude Parrish and Mr. George Singletary for their collaboration and access to information needed to complete the review.

10. Discuss Treasurer-Tax Collector audit recommendation not fully implemented after second follow-up audit

Mr. Scott Suzuki, Assistant Director of Internal Audit stated there was one recommendation that was not implemented after the second follow-up audit on the Electronic Funds Transfer Process.

Ms. Shari Freidenrich, Treasurer-Tax Collector (T-TC), stated the original audit was requested by T-TC. Ms. Freidenrich stated that Quantum handles cash forecasting and cash payments, so all wires and payments pass through that system. Ms. Freidenrich stated that T-TC is on an older version of Quantum and had gone to the Board approximately two years ago to request funding for the upgrade. The Board approved funds for the upgrade and T-TC started the upgrade process. T-TC encountered performance issues with the software and found that those issues were fixable within the current version of Quantum. At this time, T-TC is establishing a new scope of work and will return to the Board for approval to continue with current vendor. T-TC anticipates that implementation will be complete by the end of June 2020.

11. Approve Internal Audit Department's FY 2019-20 1st Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2019

Mr. Alonso presented the Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2019. IAD issued three final reports, three draft reports, and two follow up reports. IAD is on target to meet the FY 2019-20 Audit Plan.

Motion to approve the 1st Quarter Status Report and Executive Summary by Mr. Brown, seconded by Mr. Wille.

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 September 30, 2019

Mr. Scott Suzuki, Assistant Director of Internal Audit Department, presented the External Audit Activity Status Report for the Quarter Ended June 30, 2019. Mr. Suzuki stated no findings or material issues were reported this quarter.

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

13. Election of AOC Officers

Mr. Atwater nominated Mr. Brown as AOC Chair, seconded by Mr. Wille.

All in favor, none opposed.

Approved as recommended.

Mr. Brown nominated Mr. Wille as AOC Vice Chair, seconded by Mr. Atwater.

All in favor, none opposed.

Approved as recommended.

PUBLIC COMMENTS: None.

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS: None.

ADJOURNMENT: Meeting adjourned at 11:08 A.M.

NEXT MEETING

Regular Meeting, February 20, 2020, 10:00 A.M.