

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, September 6, 2018, 10:00 a.m.

HALL OF ADMINISTRATION
333 W. Santa Ana Blvd., 5th Floor
Conference Room A
Santa Ana, CA 92701



DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR ANDREW DO
BOARD CHAIRMAN
First District
Member

SUPERVISOR SHAWN NELSON
BOARD VICE CHAIRMAN
Fourth 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

Present Non-Voting Members

Treasurer-Tax Collector:
Auditor-Controller:

Shari Freidenrich, CPA
ABSENT

Present Staff

Internal Audit Department:
Deputy County Counsel:
Clerk:

Scott Suzuki, CPA
Ronnie Magsaysay
Maribel Garcia for Mari Elias

ATTENDANCE: Drew Atwater, AOC Chairman, Private Sector Member
Robert Brown, AOC Vice Chairman, Private Sector Member
Mark Wille, Private Sector Member
Richard Murphy, Private Sector Member
Chris Gaarder, Proxy for Supervisor Andrew Do
Michelle Aguirre, Proxy for Frank Kim

10:00 A.M.

1. Roll Call

Audit Oversight Committee (AOC) Chairman Mr. Atwater called the meeting to order at 10:00 A.M. Attendance of AOC members noted above.

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

- 2. Approve Audit Oversight Committee Regular Meeting Minutes of June 14, 2018**
Motion to approve the Audit Oversight Committee Regular Meeting Minutes of June 14, 2018 by Mr. Wille, seconded by Mr. Brown.

All in favor, none opposed.
Approved as recommended.
- 3. Receive Oral Report on Required Communication from External Auditors**
Mr. Roger Alfaro, partner at Vavrinek Trine & Day (VTD), provided an update on the status of VTD's fieldwork.
- 4. Receive Report on Status of Performance Audits**
Ms. Michelle Aguirre stated a list of qualified vendors is expected by mid-October and that CEO would make recommendations to the Board of Supervisors on areas of audit interest and the Board would make the final decision. Ms. Aguirre stated a performance audit plan will be created.
- 5. Receive Report on County's Cybersecurity Program**
Mr. Joel Golub provided an update on the County's cybersecurity program. Ms. Linda Le stated OCIT is taking ownership of security operations with a more hands-on approach, until a new IT vendor begins work. Mr. Golub added that, in the past, a managed services vendor provided security operation center services but under the new contract, OCIT will have access to the same security information as the vendor.
- 6. Receive Report on New Internal Audit Department Start-up Activities**
Mr. Scott Suzuki provided an update on the Internal Audit Department's (IAD) new reporting structure, the number of vacant positions, and office space planning. Mr. Suzuki stated the Internal Audit Charter would be revised and will be presented to the Audit Oversight Committee at its December meeting. Mr. Brown stated AOC Bylaws will also need to be revised.
- 7. Receive Report on Internal Audit Department Planned Key Performance Indicators**
Mr. Suzuki provided 12 key performance indicators over four areas: provide department-focused services, execute high-quality work, facilitate cost-effective projects, and promote professional development.
- 8. Approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2018-19**
Mr. Suzuki stated the changes to the Audit Plan were primarily due to staffing and there were no changes to the heat map or the 10-year prior audit coverage.

Motion to approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2018-19 by Mr. Wille, seconded by Mr. Brown.

All in favor, none opposed.
Approved as recommended.

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

9. Approve Internal Audit Department's FY 2017-18 4th Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2018

Mr. Suzuki presented the 4th Quarter Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2018. Mr. Chris Gaarder asked about the social security findings and the implementation status. Mr. Mark Malbon mentioned he did not have an answer but would return at the next meeting with an answer.

Motion to approve the 4th Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2018 by Mr. Wille, seconded by Mr. Brown.

All in favor, none opposed.

Approved as recommended.

10. Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2018

Mr. Suzuki presented the Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2018.

Motion to approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2018 by Mr. Wille, seconded by Mr. Murphy.

All in favor, none opposed.

Approved as recommended.

PUBLIC COMMENTS – None

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS – Mr. Wille stated he would like IAD to work with the external auditors, as Macias Gini & O'Connell did in the past. Mr. Suzuki stated that one of three auditors that stayed with the Auditor-Controller's Internal Audit Division is working with VTD.

Ms. Freidenrich mentioned that VTD had reached out to her staff to review some processes.

ADJOURNMENT: Motion to adjourn the meeting made by Mr. Wille, seconded by Mr. Brown. Meeting adjourned at 11:28 AM.

NEXT MEETING

Regular Meeting, December 6, 2018, 10:00 AM