

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



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

Thursday, December 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

Non-Voting Members

Treasurer-Tax Collector:
Auditor-Controller:

Shari Freidenrich, CPA
Eric H. Woolery, CPA

Staff

Internal Audit Department:
Deputy County Counsel:
Clerk:

Scott Suzuki, CPA
Ronnie Magsaysay
Mari Elias

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

PRESENT: Shari Freidenrich, Treasurer-Tax Collector
Scott Suzuki, Acting 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. Atwater called the meeting to order at 10:06 A.M. Attendance of AOC members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of September 6, 2018

Motion to approve the Audit Oversight Committee Regular Meeting Minutes of September 6, 2018 by Mr. Brown, seconded by Mr. Wille.

All in favor, none opposed.

Approved as recommended.

Mr. Wille made a motion that AOC Chairman Mr. Atwater send letters to the Board of Supervisors' Chairman regarding the Private Sector Member vacancy, and absenteeism from voting and non-voting AOC members. Motion seconded by Mr. Brown.

All in favor, none opposed.

Approved as recommended.

3. Receive Report on County's Cybersecurity Program

Mr. Joel Golub stated the Board approved a centralized security operations center, which will be manned by Science Applications International Corporation (SAIC) and County staff year-round, and should be operational in March 2019. Mr. Golub stated SAIC already provides these services to federal three-letter agencies in Washington, and this security operations center will also be tied into the National Threat Detection Center.

4. Recommend Approval of Revised Audit Oversight Committee Bylaws

Mr. Magsaysay provided an overview of the changes to the AOC Bylaws, which reflected the Internal Audit Department moving out of the Auditor-Controller, the changes to Performance Audit, the nature of the auditing profession, and how the AOC conducts business.

Ms. Freidenrich provided suggestions for clarification pertaining to authorized designees, staff, and the Internal Audit Director.

Mr. Wille made a motion to approve the AOC Bylaws as amended and to request CEO submit the Bylaws to the Board for final approval. Seconded by Mr. Brown.

All in favor, none opposed.

Approved as amended.

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

5. Recommend Approval of Internal Audit Department's Revised Charter

Mr. Suzuki stated that the creation of the Internal Audit Department necessitated changing "Auditor-Controller Internal Audit Division" to "Internal Audit Department" within the charter.

Mr. Gaarder made a motion to approve the Internal Audit Revised Charter, seconded by Mr. Wille.

All in favor, none opposed.

Approved as recommended.

6. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner, Vavrinek, Trine, Day & Co. (VTD) stated a lot of fieldwork has been conducted and VTD is working with the Auditor-Controller's office to clarify issues and make changes to the draft report.

7. Receive Report on Status of Mandated Audits

Ms. Lily Chin, Audit Manager II for the Auditor-Controller's Internal Audit Division, stated mandated audits, reviews of the Treasurer's Schedule of Assets, and compliance monitoring of the Treasurer's investment portfolio are ongoing.

Loss of quorum after Mr. Kim left. Obtained signed Proxy Form for Michelle Aguirre before resuming meeting.

8. Receive Report on Status of Performance Audits

Mr. Kim presented the FY 2018-19 Recommended Performance Audits to the AOC.

9. Approve Internal Audit Department's FY 2018-19 1st Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2018

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

Due to emergency situation, all attendees were required to evacuate the building. Resumed meeting with quorum.

Motion to approve the 1st Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2018 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

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

Mr. Michael Dean stated anticipated audits were updated at the beginning of the fiscal year, and there were no findings or material issues for the quarter ended September 30, 2018.

Motion to approve the Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2018 by Mr. Brown, seconded by Ms. Aguirre.

All in favor, none opposed.

Approved as recommended.

11. Election of AOC Officers

Mr. Wille nominated current AOC Chairman Mr. Atwater and AOC Vice Chair Mr. Brown for a second term, as allowed by the AOC Charter.

No other motions.

All in favor, none opposed.

Approved as recommended.

PUBLIC COMMENTS – None

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS – Mr. Gaarder thanked the AOC on behalf of Supervisor Do, for all the work the committee has done in the past two years that First District has had a seat at the table.

Mr. Atwater stated that AOC meetings were moving to February, May, August, and November in order to have status reports presented to the AOC before being presented to the Board.

ADJOURNMENT: Motion to adjourn the meeting made by Mr. Wille, seconded by Mr. Brown. Meeting adjourned at 11:38 AM.

NEXT MEETING

Regular Meeting, February 14, 2019, 10:00 AM