

YOLO COUNTY AUDIT COMMITTEE

MINUTES OF MEETING JULY 30, 2020

Note: This meeting was held via teleconference, pursuant to the Governor's Executive Order N-29-20 (March 17, 2020).

Members present on the call: Gary Sandy (Chair - Supervisor), Duane Chamberlain (Supervisor)

Members excused: None.

Others present on the call: Kim Eldredge, Noemy Mora-Beltran, David Estrada, Douglas Port (Internal Audit), Ryan Pistoichini (Procurement Manager) and Lawrence Raber (Public).

Moderator: David Estrada

Recorded by: Kim Eldredge

- 1) **Call to order.** Gary Sandy called the meeting to order at 10:00 AM with Duane Chamberlain in attendance. Quorum was formed.
- 2) **Introductions.** Members and public above were on the call.
- 3) **Approval of agenda.** Kim Eldredge reported that a change has been made to the next meeting date to September 17, 2020. The agenda was reviewed and approved; agenda adopted (Chamberlain/Sandy).
- 4) **Follow-up of item from 5/06/2020 meeting.** There were no follow-up items open from prior meeting.
- 5) **Public comment.** Kim Eldredge reported that no public comments were received for the record.
- 6) **Approval of the 5/06/2020 meeting minutes.** Accepted and approved (Chamberlain/Sandy).
- 7) **Receive staff report of the overview of purchase card activity and status update of audit recommendations for the Countywide Purchase Card Audit (5/28/2019) and Purchase Card Continuous Auditing Report (7/13/2020) from Procurement Manager (Mora-Beltran/Pistoichini).** Noemy Mora-Beltran provided the Committee with an overview of the Countywide Purchase Card Audit and Purchase Card Continuous Auditing Report. The overview of the purchase card activity included a summary of purchase card transactions by department; transaction summary by merchant "Top 10 Merchants" for FY2016-17, 2017-18 & 2018-19; detail of items purchased by merchant; purchase card program findings and recommendations under each audit and continuous auditing report, and the status of audit recommendations. Ryan Pistoichini, Procurement Manager was available to answer any questions from the Committee and discuss his status of corrective actions on the audit recommendations. Concerns were raised by the Committee on the number of purchase cards issued and exceptions found within the reports for noncompliance with County policy and procedures and lack of supporting documentation. Mr. Pistoichini committed to continue to reduce the number of purchase cards and provide a training to cardholders before 12/31/2020. Also the Committee requested that Internal Audit review and provide a 6-month purchase card activity report for the period of 7/1/2020 to 12/31/2020.

8) **Receive status report on the Closeout of the FY19/20 Audit Plan and discuss the Proposed Audit Plan FY20/21 (Eldredge).**

Kim Eldredge provided the Committee with a summary of projects completed in FY19/20 and major accomplishments. Total Budget Hours 7,750 in audit plan, Actual Hours spent 7,008, and ended fiscal year with 3.5 FTEs. Major accomplishments included completing the first Purchase Card Continuous Auditing Report; 4-Countywide Trainings to support Countywide Fiscal Foundations Series (On-Demand videos (Preparing for an audit, Data Analytics Part I & II and Ethics & Fraud); Countywide Preliminary Cash Risk Assessment with the selection of 2 high risk departments for audit; Special Reviews Food Bank, Revenue Cash Shortage, Yolo Transit District; Landfill Cash Audit, and Treasury Wire/ACH Review. In addition, the audit team formalized their process for the resolution of audit recommendations by reporting department status and fieldwork follow-ups performed quarterly to the Audit Committee.

9) **Approve the Proposed Audit Plan FY20/21 with recommended changes (Eldredge)**

The Division of Internal Audit performed a risk assessment that included discussion with members of the Board, the County Administrator and department executive management regarding risk considerations. We distributed a risk assessment survey for input on their perspective of risk at the county and areas of audit interest in department business operations. A risk score card was also used to identify high risk departments relative to the following risk factors of the proposed budget, number of staff, number of audit findings and date of the last audit. We ranked and tabulated the results to develop a risk-based audit plan. Because of the limited staffing resources, we evaluated all audit requests based on our risk assessment criteria. Special request audits from the Board and department heads were considered for inclusion in the audit plan.

Proposed Audit Plan FY20/21; Accepted and Approved (Sandy/Chamberlain).

Category	Budget Hours	Notes
County-wide & Department Audits	1,820	CW-Accounts Payable Audit, CW-Contract/Procurement Audit, Cash Audit-Sheriff, Accounts Receivable Audit, Follow-up Reviews-CAP, Whistleblower Hotline, and Carry Forward Audits (CW-Payroll)
Continuous Auditing Program	340	Purchase Card and Payroll
County-wide Risk Assessment-Preliminary	120	Accounts Receivable
Special Projects	918	COVID-19 Cost Tracking, Telecommuting Audit, Contingency Reserve, and Carry Forward Projects (YC Transit and Food Bank)
Audit Functions	1,352	Various DIA Admin, Staff-CPE, Countywide Trainings, and Electronic Workpapers
Administration	432	DFS Admin and FOC/AC Support
Other Admin Per MOU	1,258	County Holidays and Earned Leave Balances
Total Budget Hours	6,240	

10) **Confirm next meeting date.** The next meeting is scheduled for September 17, 2020 at 10:00-11:30 a.m.

11) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.

12) **Adjournment.** Meeting adjourned at 11:00 a.m.

Yolo County
Division of Internal Audit
Audit Plan
Fiscal Year 2020-2021

Item #7a

No.	Name	Entity	Preliminary Audit Objective/Project Description	Hours	Comments	Status
1	Accounts Payable Audit	Countywide	To assess internal controls over accounts payable to ensure invoicing/payment processes are properly reviewed and complete, valid, and accurate. Includes	300	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit.	Planned for April 2021
2	Contracting and Procurement Audit	Countywide	The internal audit activity will work with the Procurement Manager on determining scope of audit.	400	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit.	Planned for Nov-Feb 2021
3	Payroll Audit-Carry Forward	Countywide	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	240	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit. Review of payroll processes not performed in 9 years.	In-progress; anticipated for completion 10/31/2020
4	Audit Communication with Management and Staff	Countywide	Division weekly meetings, discussions on audit subject matters, and other communications.	280	Requirement - Standard 2200	On-going
5	Follow-up Audits and Testing of Correction Action Plans	Countywide	Monitor progress of the status of audit recommendations. Report to FOC/Audit Committee	200	Requirement - Standard 2500, 2600	Planned for Nov 2020
6	Whistleblower Hotline and Report of Fraud, Waste and Abuse Policy	Countywide	Develop policy; create incident form on website	80	Best practice	Planned for Feb/March 2021
7	Accounts Receivable-Department Audit	Department	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly	120	Department selected based on preliminary risk assessment	Planned for Feb 2021
8	Cash-Department Audit	Department-Sheriff	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with	120	Department selected based on preliminary risk assessment	Planned for Jan 2021
9	Treasury Cash Counts	Department	To count cash in the county treasury (at least once in each quarter).	40	Mandated: Government Code 26920 (a)(1)	Cash Observation Oct 1st
10	Continuous Auditing Program	Countywide-Cont Aud	Development of analytics, testing of transactions, and results for two high risk areas (payroll and purchase card). Report to FOC/Audit Committee	340	Divisional Goal- Operation Efficiency	In-progress; anticipated for completion 10/31/2020 (FY19/20); 6-month report 7-12/20 Jan/Feb 2021
11	Accounts Receivable-Risk Assessment	Countywide-Risk Assessment	To perform a preliminary risk assessment to determine audit area and scope of work.	120	Internal audit activity will perform a countywide preliminary risk assessment on accounts receivable and select two (2) high risk individual departments to audit based on the	In-progress; anticipated for completion 12/31/2020
12	Telecommuting Audit	Special Project-Countywide	To determine whether the departments telecommuting arrangements are administered in accordance with the County of Yolo Telecommuting policy and procedures; and, whether the department supervisors were properly monitoring and certifying employee work time to ensure	90	County Management Request	In-progress; anticipated for completion 10/31/2020
13	Inter-Governmental Transfer Fund (IGT)	Special Project	To review spending for allowance under partnership plan.	100	County Management Request	Planned for Nov 2020
14	Special Project - YCTD	Special Project	Confidential Audit	60	County Management Request	In-progress; anticipated for completion 9/30/2020

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No.	Name	Entity	Preliminary Audit Objective/Project Description	Hours	Comments	Status
15	Food Bank Analysis	Special Project	To determine whether the invoiced amount by the Food Bank agrees to the funding agreement and supporting	40	County Management Request	Completed
16	COVID-19 Cost Tracking	Special Project	Non-audit services	448	Disaster Service Work	Completed
17	Contingency Reserve	Special Project	Unassigned projects	390	To be determined	Not Started
18	Electronic workpapers	Audit Function	Implementation and training	340	Divisional Goal- Operation Efficiency	In-progress; "Go Live" 10/05/2020
19	Internal Audit General	Audit Function	Manage the internal audit activity, establish a risk-based audit plan; ensure that engagements are performed with proficiency and due professional care; develop and update policies and procedures. Various general duties-	662		On-going
20	Continuing Professional Development	Audit Function	Continuing professional development-Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	120	Requirement - Standard 1230	Currently virtual; Audit Chief's Mtg Co-Host postponed to next 2021
21	Countywide Trainings	Audit Function	Countywide Fiscal Foundations Series: Data Analytics; Ethics & Fraud; Preparing for an Audit; and audit tips-short video clips. Includes development, preparation and	60	Department Goal	Planned for Jan-June 2021
22	Department of Financial Services General	Administration	Various meetings, employee evaluations, and other events not directly related to the division	292		On-going
23	Financial Oversight Committee	Administration	Support services for the Financial Oversight Committee	140		On-going
24	Estimated staff benefits & leave	Other-Administration	General provisions within the MOU	1258	Memorandum Of Understanding Agreements with Labor Relations	On-going
Total audit & non-audit hours and benefits & leave				6240		

County of Yolo
Summary of Audit Reports - **County**
Received During Fiscal Year Ending - June 30, 2020

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Community Services Environmental Health - Local Primacy Agency Annual Evaluation	State Water Resources Board - Division of Drinking Water	Fiscal Year 2018-2019	Finding 1: Some permits were issued without resolving all pending items	2/14/2020
2	Community Services Environmental Health Certified Unified Program Agency - Performance Evaluation	CalEPA, California Environmental Protection Agency	Performance Evaluation - 1/31/2018-2/21/2018	Findings 11: Deficiencies identified during the evaluation for non-compliance with Health and Safety Code	8/14/2018
3	Department of Financial Services Cash Shortage Revenue Division	Division of Internal Audit	5/1/2020	Internal control concerns regarding cash handling	7/15/2020
4	Internal Control Review of Wire Transfers and ACH Transactions	Division of Internal Audit	4/1/2018 to 3/31/2019	Findings 8: ACH payment enrollment process needs improvement; ACH/wire transfer transactions not properly monitored; ACH default payment method not in accordance with agreement on file; logical and physical security needs improvement; Continuity of Operations Plan not updated; written policy and procedures for handling wire transfers and ACH enrollments not available; lack of segregation of duties for handling wire transfer payments and ACH enrollments	11/6/2019
5	Purchase Card Continuous Auditing	Division of Internal Audit	7/1/2018 to 6/30/2019	Total Findings 7: Lack of supporting documentation (original or supporting receipts); purchase card statements not approved by an authorized Approving Official; description of business purpose not identified; transactions exceeded Cardholder's single purchase and monthly credit limits; goods not verified when received; purchase card used instead of authorized procurement methods; program eligibility and department's policy and procedures for client services needs improvement	7/13/2020
6	Special Review - Data Analysis of Yolo Food Bank (Invoices 2 and 3)	Division of Internal Audit	6/1/2020 to 6/10/2020	Non-compliance with contract agreement. Disallowed Amount: \$64,939.86	7/24/2020
7	Special Review - Data Analysis of Yolo Food Bank Invoice Dated 5/31/2020	Division of Internal Audit	3/16/2020 to 5/31/2020	Non-compliance with contract agreement. Disallowed Amount: \$371,115.90	6/15/2020
8	Treasury Cash Count QE 9/30/2019	Division of Internal Audit	QE 9/30/2019	No Exceptions	1/29/2020
9	Treasury Cash Count QE 12/31/2019	Division of Internal Audit	QE 12/31/2019	No Exceptions	1/29/2020
10	Treasury Cash Count QE 3/31/2020	Division of Internal Audit	QE 3/31/2020	No Exceptions	4/8/2020
11	Treasury Cash Count QE 6/30/2020	Division of Internal Audit	QE 6/30/2020	No Exceptions	7/28/2020
12	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 6/30/2018	Total Findings 2: No timely reconciliations of Investment Summary reports; variances not resolved	2/6/2019
13	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 9/30/2018	Total Findings 2: No timely reconciliations of Investment Summary reports; variances not resolved	7/18/2019
14	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 12/31/2018	Total Findings 2: No timely reconciliations of Investment Summary reports; variances not resolved	7/19/2019
15	Yolo County Treasury Review	LSL CPAs and Advisors	QE 3/31/2019	Total Findings 3: No timely reconciliations of Investment Summary reports; variances not resolved; and Investment Summary not submitted within 30 days of quarter	8/14/2019

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 Received During Fiscal Year Ending - June 30, 2020

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
16	Yolo County Treasury Review	LSL CPAs and Advisors	QE 6/30/2019	Findings 3: Reconciliations of Investment Summary Reports not done in a timely manner. Unreconciled Investment Summary balance. Variance not resolved.	10/28/2019
17	Yolo County Treasury Review	LSL CPAs and Advisors	QE 9/30/2019	Findings 2: Reconciliations of Investment Summary Reports not done in a timely manner. Variances not resolved	4/19/2020
18	Yolo County Treasury Review	LSL CPAs and Advisors	QE 12/31/2019	Findings 2: Reconciliations of Investment Summary Reports not done in a timely manner. Variances not resolved	4/19/2020
19	Yolo County Treasury Review	LSL CPAs and Advisors	QE 3/31/2020	Finding 1: Variances not resolved	6/1/2020