

**YOLO COUNTY AUDIT COMMITTEE**

**MINUTES OF MEETING November 10, 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), Edward Burnham, and Marilyn Tiriboyi (Financial Services).

**Moderator:** David Estrada

**Recorded by:** Doug Port

- 1) **Call to order.** Gary Sandy called the meeting to order at 9:33 AM with Duane Chamberlain in attendance. Quorum was formed.
- 2) **Introductions.** Members and public above were on the call.
- 3) **Approval of agenda.** The agenda was reviewed and approved; agenda adopted (Chamberlain/Sandy).
- 4) **Follow-up of items from 9/17/2020 meeting.** There were no follow-up items open from prior meeting.
- 5) **Public comment.** David Estrada reported that no public comments were received for the record.
- 6) **Approval of the 9/17/2020 meeting minutes.** Accepted and approved (Chamberlain/Sandy).
- 7) **Receive status update of audit recommendations for the Internal Control Review of Wire Transfers and ACH Transaction Audit (11/16/2019) from Treasury/Revenues Manager (Mora-Beltran/Burnham).**

Noemy Mora-Beltran gave a brief overview of the Internal Control Review of Wire Transfers and ACH Transaction Audit including scope, objectives, background, findings and recommendations. Noemy mentioned that there was one fraudulent matter in the amount of \$1,396,202 and that the County recovered the funds. Edward Burnham, Treasury/Revenues Manager provided more detail on the fraudulent matter and what the department implemented since the fraudulent matter was discovered. The audit had 8 findings/recommendations, management concurred with all findings and recommendations with an actual/estimated date of correction action by 5/31/2020.

Status of audit recommendations: no response was provided by management when requested by the auditors in March 2020 due to the pandemic COVID-19. Financial Services provided a management response to Finding #6 - Update of Continuity of Operations Plan (implemented). Edward provided a status of the audit recommendations by illustrating an overview of a new processes to implement the recommendations. Timeline for implementing the new processes is estimated for 4-6 months. Edward stated he will provide a bi-weekly report to Internal Audit and will provide a status to the Audit Committee in March 2021.

8) **Receive staff report on the status of the Division of Internal Audit Activity:**

a) **Provide status of current engagements and the release of audit reports since last meeting; (Eldredge).**

Kim Eldredge provided the status of the following current engagements:

- Payroll Audit-Carry Forward – delayed; due to other projects with higher priority. The audit should be done by the end of the calendar year 2020;
- Continuous Purchasing Card Audit – delayed; waiting on information from departments and discussed issues with HHSA client documentation. The audit should be done by the end of November;
- Telecommuting Audit – in-progress; should be done by the Thanksgiving holiday. Will discuss at the next meeting;
- Transit special review – completed; exit conference scheduled for today;
- Whistleblower Hotline - received complaint/concern from an individual who had not been paid for 3 months. Kim forwarded the information to HHSA to look into and resolve the manner. Kim is following up with the department and will provide a status to the committee at their next meeting.
- Electronic Workpapers – in-progress; the internal audit activity is working with the vendor on risk assessment within the application. The staff should be using the software by the end of November.

b) **Discuss organizational independence of the internal audit activity – Internal Audit Charter, as required by auditing standards; (Eldredge).** Kim Eldredge talked about the auditing standards interpretation of organizational independence: *Organizational independence is effectively achieved when the chief audit executive reports functionally to the board.* Examples of activities that show functional reporting to the board, involve the board approving the internal audit charter, risk-based internal audit plan, etc. Kim discussed the peer review findings of the Division of Internal Audit and the “Gap in Performance” regarding Standard 1110-Organizational Independence and Standard and Standard 1130 – Impairment of Independence or Objectivity. To address the findings, Kim recommended to add additional language to the FOC Charter to include a section for the oversight responsibilities of the Audit Subcommittee. The potential impairment of independence or objectivity has already been implemented with the additional language added to the Internal Audit reports.

c) **Approve proposed recommendation to add another member to the Audit Subcommittee, as recommended by Best Practices; (Eldredge).** Best Practices – GFOA recommends that the Audit Committees have a minimum membership of no fewer than three. Currently the Audit Subcommittee is made up of the two board of supervisors on the Financial Oversight Committee. Kim Eldredge recommended adding an additional member to comply with GFOA Best Practices and that the new member be a Public Member from the FOC. By adding a Public Member this will help the division’s peer review “Gap in Performance” as reported of the internal audit activity reporting structure. No concerns were noted by the committee. Kim will provide context to the FOC at their next meeting.

9) **Approve of meeting calendar for year 2021.**

<u>Proposed Dates</u>	<u>Proposed Time</u>
<u>January 28, 2021</u>	<u>10:00-11:30 am</u>
<u>April 29, 2021</u>	<u>10:00-11:30 am</u>
<u>July 29, 2021</u>	<u>10:00-11:30am</u>
<u>October 28, 2021</u>	<u>10:00-11:30am</u>

Accepted and approved (Chamberlain/Sandy).

10) **Confirm next meeting date.** The next meeting is scheduled for January 28, 2021 at 10:00-11:30 a.m.

11) **Committee Member and Staff Announcements.** There were no committee member and staff announcements. Kim Eldredge thanked Supervisor Chamberlain for his service on the Audit Subcommittee.

12) **Adjournment.** Meeting adjourned at 10:28 a.m.