

Minutes
CUYAHOGA COUNTY
AUDIT COMMITTEE
Regular Meeting
Thursday, August 27, 2020, 9:00 AM – 11:30 PM

1. Call to Order – meeting of August 27, 2020

The meeting was called to order at 9:05 a.m.

2. Roll Call

Attending:

Michael Abouserhal

Yvette Ittu

Keith Libman

Trevor McAleer (alternate for Dan Brady)

Armond Budish

Michael Chambers

Salvatore Talarico

Absent:

None.

3. Public Comment - Related to Items on the Agenda

There was no public comment related to items on the agenda.

4. Approval of Minutes – May 28, 2020 and June 11, 2020

There were no corrections to the minutes from the May 28, 2020 meeting. Trevor McAleer motioned to approve, as written; Keith Libman seconded. The minutes for the May 28, 2020 meeting were unanimously approved.

There were no corrections to the minutes from the June 11, 2020 meeting. Keith Libman motioned to approve, as written; Trevor McAleer seconded. The minutes for the June 11, 2020 meeting were unanimously approved.

5. Executive Session (As Necessary).

Trevor McAleer motioned that the Committee go into Executive Session to discuss employment of a public employee; Keith Libman seconded. A roll call was taken, and the motion was unanimously approved: Michael Abouserhal, yea; Yvette Ittu, yea; Keith Libman, yea; Trevor McAleer, yea; Salvatore Talarico, yea.

The Executive Session was called to order at 10:11 am and was adjourned without objection at 11:36 am. Michael Abouserhal then reconvened the general meeting at 11:40 am.

Salvatore Talarico motioned to approve an amendment to DIA's policies and procedures to require that the Department of Internal Audit follow the Cuyahoga County Employee Handbook; Trevor McAleer seconded. The amendment to DIA's policies and procedures was unanimously approved.

Trevor McAleer motioned to approve an amendment to DIA's policies and procedures requiring the authorization of the Audit Committee Chairperson prior to the earning of exchange hours by DIA's Director; Keith Libman seconded. The amendment to DIA's policies and procedures was unanimously approved.

6. Old Business:

a. Follow-up Items from 2nd Quarter Meeting

- Inspector General is still completing its follow up report for Treasurer's Audit and expected to report results at the next Audit Committee meeting.
- Monica Houston asked Assistant Fiscal Officer Leigh Tucker to follow up on the bank reconciliation efforts and training plan for Finance reconciliation personnel – See agenda item 6b.
- Auditor of State drafted agreed upon procedures report over Destination Cleveland for Audit Committee on July 9, 2020. Mike Abouserhal noted that AOS did not have any findings in their draft report.
- Prosecutor's Office jurisdictional review of the Audit Committee and DIA – See agenda item 6e
- Annual Update to Council Report – See agenda item 6c
- Auditor of State has not yet provided feedback but has agreed to do so over County's new bank reconciliation process as part of the 2019 financial statement audit.
- Issue Tracking Log – See agenda item 7d
- DIA's 2021 Budget – See agenda 7c
- Received response from Auditor of State on inquiry relative to auditor transition. AOS will complete the County's 2020 audit in 2021 notwithstanding any unforeseen circumstances.

b. Bank Reconciliation

Leigh Tucker noted that bank reconciliations are completed through May 2020, and review is complete through December 2019. The reviewer is currently working on January 2020. Leigh said she will try to be current with reconciliations by the end of September, but Mike Chambers cautioned it may need to extend further into end of year due to ERP implementation related to payroll. Leigh noted that her team has started a

new process in their reconciliations where they break out the Cash accounts into 9 separate general ledger accounts, which is expected to add efficiencies and prevent delays like in the past.

Leigh noted the write off amount has been fairly consistent, floating between \$2.1 and \$2.3 million. She feels confident they can determine an accurate write off amount by the end of the year. They are waiting to hear back from PRC to post for the new consultant role to assist with the reviews over the staff completing the bank reconciliations. Training for bank reconciliation staff is almost complete. The last person will receive their final training on September 9 and 10. Leigh noted the staff will also receive ongoing training to ensure they stay proficient in their work.

Salvatore Talarico asked Leigh what is the County's average daily cash balance. Leigh noted the control disbursement account, the largest, daily balance averages between \$137 and \$150 million. Since there are 15 bank accounts that roll into 1 main account, each having anywhere from 500 to 15,000 transactions each day, it is difficult to capture what the County's overall cash position is at any given time. Salvatore asked when the start and end date was for the discrepancy. Leigh said support was only available going back to 2014, where there was a \$2 to \$3 million discrepancy. Leigh noted the discrepancy was likely due to poor recordkeeping. However, she feels the ERP should improve the recordkeeping and ability to resolve any discrepancies in a timely manner.

c. Annual Update to Council Report – Presentation to COIR

Mike Abouserhal noted that the presentation to Council was done in early August. Monica Houston noted that Council followed up with an e-mail from Councilwoman Nan Baker to discuss further questions from the 9/15/20 Council meeting, in particular the additional resources needed by DIA to complete the IT project in the 2020 Audit Plan.

d. 2020 Budget Update

Monica Houston presented the update to the 2020 Budget. She provided the Committee members a spreadsheet to highlight the changes to the budget. She added a "proposed 2020 revised" column to contribute the 15% budget cut proposal by County Executive. Monica projects that DIA will be 22% underbudget at the end of 2020. She expects it to be 27% underbudget when she factors in the Shared Work Ohio program that started June 15th.

Keith Libman asked if DIA will still have the resources to complete its 2020 Audit Plan as planned. Monica said she would discuss this during her update on the 2020 Audit Plan.

Armond Budish said he appreciated Monica for incorporating the proposed budget cuts. Armond said currently they are not planning the 2% cost of living adjustment to salaries, but he said the Fiscal Office is working on 2021 financial projections to determine what adjustments will be made.

e. Audit Committee Jurisdictional Review

Mike Abouserhal noted the Prosecutor is currently conducting the review of Audit Committee and DIA's jurisdiction over certain County entities. Mark Musson said his office has almost finished their review of Board of Elections and the Audit Committee should expect their official response real soon. Next, there is further review necessary over the Courts relative to the County Charter and the Court's separation of power. Lastly, they will complete the Prosecutor's Office review.

Mike asked about the quasi-entities (e.g. Cuyahoga County Convention Facilities Development Corporation, ADAMHS Board). Mark said these entities would need to be reviewed separately. The Prosecutor cannot issue a broad opinion for multiple entities. Yvette Ittu asked Mark also about component units (e.g. MetroHealth) in the County's financials. Mark said they would be the same case where each needs a separate review.

Yvette Ittu recommended that there needs to be, in writing, an engagement letter that gives a clear set of expectations and a timeline for completing the reviews for each of these entities.

f. Update on Internal Audit Team Status During COVID-19 Situation

Monica Houston noted that DIA anticipates ending its Shared Work Ohio program by September 15, 2020. In addition, two of DIA's staff volunteered to conduct screenings at County buildings in order to supplement reduced hours, which would supplement their full pay and allow the County to receive reimbursement through the CARES act for the time spent screening.

7. Other Business:

a. Update from Fiscal on 2019 Financial Audit

Monica Houston noted that DIA has been having biweekly meetings with Auditor of State. The County is expected to meet the CAFR deadline of December 28, 2020. No material or significant issues thus far. There are some management comments, all are repeats from prior year, except for one relative to a Public Records request.

b. Schedule Financial Audit Exit Conference with Auditor of State's Office

Monica Houston said Auditor of State should be able to schedule the exit conference sometime in December. They will try to align it with the December 3rd Audit Committee meeting, but at this time cannot promise they will be ready by then.

c. 2021 Budget Review and Approval

The Audit Committee accepted Monica Houston's request to defer the Audit Committee's discussion and approval of the revised 2021 budget.

Monica noted that County Council had already approved DIA's 2021 budget as part of the County's biannual budget, and Audit Committee's approval is in order to sync up to Council's biannual budget timeline.

d. Audit Issue Tracking Log

Monica Houston noted that the log is complete but is still under a final review. She noted that she has already shared the log with Catherine Tkachyk. The log was developed to track any recommendations that were not implemented in a follow-up audit to date. Monica provided Catherine with the log so her department can help facilitate the follow-up process. The recommendations are classified by level of risk to the County (high, medium, low) to help prioritize. DIA will follow industry standards by prioritizing high risk over medium-to-low risk recommendations.

Catherine stated she thinks it will be a helpful tool for her team to continuously work on follow-up and keep in more regular contact with DIA as recommendations are issued and implemented.

e. Internal Audit Staffing Update

John Cornwell, Investigative Systems Analyst, has moved to a part-time status. Monica Houston anticipates this change could impact DIA's ability to complete its engagements relative to the ERP.

Rose Karam, Audit Manager, is retiring effective 8/27/20 end of day. DIA received 26 applications and determined 14 were qualified. Out of the 14, DIA selected 9 to move forward with first round of interviews. DIA identified 4 candidates for second round of interviews on September 8th. She anticipates that the position will be hired by September 30th.

f. 2020 Audit Plan Update

Monica Houston noted that she is waiting for a response from the COIR committee to review Councilwoman Nan Baker's questions over DIA's recommendation to contract out DIA's engagements relative to ERP.

g. Status of Current Engagements

- Update on Completion of Prior Year Audits and Follow-up Reviews

Since the last meeting, DIA has released three audits:

- Juvenile Court Ancillary
- Juvenile Court Cash Collection
- IT Inventory

- Update on Current Consulting Engagements

- Accounts Payable – Fieldwork phase completed. Currently in review and reporting phase. Report anticipated for release for Audit Committee by September 30th.
- HHS Homeless Services – In fieldwork phase, 60% complete.
- Capital Projects – Hours increased from 700 to 1,000. Fieldwork in progress.
- DCFS – Estimated to start 8/3/2020, but was deferred because Auditor of State was auditing their department. 10/18/2020 tentative restart date.
- JFS Benefits Compliance Review – Anticipated to start 9/21/2020.
- Board of Elections and Jurisdictional Review – On hold pending results from Prosecutor’s jurisdictional review.
- Medical Examiner – Anticipated to start 9/7/2020.
- CSEA support payment process – 8/3/2020 commenced planning stage.

h. Current/Emerging Risks

Monica Houston presented an overview of current and emerging risks to the County:

On June 1, 2020, Courtney Astolfi (Cleveland.com journalist) asked DIA for a record which did not appear to exist. On June 2 she provided a clarification to the request, which was relative to an e-mail sent on April 14, 2020 to Holly Woods, Bill Mason, and Mike Chambers. DIA provided the request to Courtney on June 3rd, which she acknowledged receipt on June 4th. The Audit Committee chair was notified by DIA of the request.

DIA is monitoring the County’s compliance relative to the CARES Act Families First Coronavirus Response Act (FFCRA). \$215 million was received by the County, and spent on various eligible items, including IT

and small business assistance costs. DIA's monitoring is relative to ensuring the County receives all the funds it was entitled to.

DIA is monitoring the County's ERP implementation. Resources within the County's IT department are stretched thin. Payroll change will require synchronization of multiple systems over a 6 month period, which presents a great risk to the County. DIA will monitor this process to help ensure that the process owners are mitigating any risks.

8. Public Comment – Unrelated to Agenda

There was no public comment related to items on the agenda.

9. Next Meeting – Thursday, December 3, 2020 9:00 AM – 11:30 AM

10. Adjournment

Michael Abouserhal motioned to adjourn the meeting, which was unanimously approved at 12:25p.m.

(signature on file)

Michael Abouserhal, Chair

MA/mh