

**Minutes
CUYAHOGA COUNTY
AUDIT COMMITTEE
Regular Meeting
Thursday, December 3, 2020, 9:00 AM – 11:30 PM**

1. Call to Order – meeting of December 3, 2020

The meeting was called to order at 9:03 a.m.

2. Roll Call

Attending:

Audit Committee Chairman, Michael Abouserhal
Yvette Ittu
Keith Libman
Trevor McAleer (alternate for Dan Brady)
Salvatore Talarico
County Executive Armond Budish
County Fiscal Officer Michael Chambers

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 – August 27, 2020

There were no corrections to the minutes from the August 27, 2020 meeting. Trevor McAleer motioned to approve, as written; Salvatore Talarico seconded. The minutes for the August 27, 2020 meeting were unanimously approved.

5. Executive Session (As Necessary).

Trevor McAleer motioned that the Committee go into Executive Session per ORC 121.22(G)(1) to discuss compensation 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 11:26 am and was adjourned without objection at 12:47 pm. Chairman Abouserhal then reconvened the general meeting at 12:47 pm. Executive Budish, Yvette Ittu, and Keith Libman left the meeting during the Executive Session.

6. Old Business:

a. Follow-up Items from 3rd Quarter Meeting

Monica Houston, Director of Department Internal Audit presented the follow-up items as follows:

- See Agenda item 6d for AIG Treasury Follow Up.
- See Agenda item 6b for Bank Reconciliation.
- Annual Update to Council – Per follow up with Councilwoman Baker DIA to provide written estimate on additional resources needed to complete the ERP Implementation Review week of Dec. 7. Monica Houston will send to AC for review before presenting to Council. Although the work will be fully outsourced, DIA will provide oversight to ensure its completion.

Executive Budish made inquiry relative to why there were not discussions with Executive team or Council about contracting work through an RFP. Monica Houston noted the ERP Implementation Review has been on the 2020 Audit Plan approved by the Audit Committee and so far, she has only had initial discussions with Councilwoman Baker over feasibility to outsource the project. Monica noted that the County's ERP consultant, Zig Berkins, as well as Jack Rhyne, Deputy CIO, are in favor of the project being completed. Trevor McAleer notes that an additional appropriation would be needed and is concerned with the value it would bring to the County since they have a 3rd party consultant reviewing the ERP. Monica Houston said she would arrange a separate meeting with the Audit Committee to discuss specifics of the proposed engagement. Later Chairman Abouserhal specified that the meeting should only be with Executive Budish and Trevor McAleer.

- See Agenda item 6c for Prosecutor's Office jurisdictional review.
- Financial Audit Exit Conference – AOS currently anticipates holding AC Exit Conference week of Dec 14.
- Auditor of State feedback on Bank Reconciliation methodology – AOS confirmed they will provide feedback as part of the 2019 Financial Statement audit.
- Issue Tracking Log – To be presented at the next AC meeting in 2021.
- See Agenda item 7d for 2021 DIA Budget.

b. Bank Reconciliation

Leigh Tucker, Deputy Fiscal Officer noted they have reconciled all the remaining months in FAMIS through January 2020 before the transition to ERP. With automated processes in ERP, they were able to bring the time down to 2 weeks from 7 weeks to complete a monthly reconciliation. However, they are having technical issues with ERP as of late, so they have been using the manual process that takes longer. She is meeting with the vendor next week to address the issue.

In order for AOS to sign off on the write-off amount before it is approved by Council, the County needs to be current on its reconciliations. The County cannot get the reconciliations through November 2020 completed before the exit conference with AOS in December, so she cannot get a write-off amount approved by the end of 2020 as originally anticipated. She believes that she will have the amount approved in 2021 before the 1st quarter meeting.

Chairman Abouserhal asked Monica Houston for DIA to review the reconciliation methodology as well and consider adding this as a proposed engagement on the 2021 Audit Plan. He also requested that Leigh Tucker present on how the ERP assists with reconciliation at the March 2021 AC meeting.

c. Audit Committee Jurisdictional Review

Mark Musson discussed the Prosecutor's assessment of the Audit Committee's jurisdiction over various entities. Mark noted that they considered some of the points raised in the prior assessment completed by Law Department and presented by Joe Boatwright to the AC several years ago.

Mark Musson sent the Audit Committee his final assessment in an email of all the entities in question, but noted there was attorney-client privilege that prevents discussing the matter publicly in a meeting unless it was waived.

Mark Musson noted that based on his assessment the entities considered within the Audit Committee's jurisdiction could be audited by DIA, and any further legal questions over jurisdiction could be referred back to the assessment and the Prosecutor's Office for further review.

Salvatore Talarico noted that entities considered not within the Audit Committee's jurisdiction have contracts with the County and he is concerned that the County could not evaluate the true value of the contract without the ability to audit. Alternatively, he would like to know what other agencies have audit jurisdiction. Mark Musson noted that the

Ohio Auditor of State does have audit jurisdiction of these entities, as it relates to the County funding received by the entities related to their contracts with the County.

Yvette Ittu requested the assessment be revised to include budget amounts of entities included. County Executive Armond Budish agreed. Further discussion within the committee determined the assessment should be revised to include budget amounts/fund source, who appoints board members when applicable, who has the authority to audit if not DIA, and references to any pertinent legislation or guideline which contributed to assessment determinations.

d. AIG Treasury Follow Up

Mark Griffin, County Inspector General presented the follow up work performed by his office. In their most recent follow up report, 7 out of the 9 recommendations were fully implemented.

The two recommendations not yet implemented were 1) while cash payments are entered and reconciled daily, they are still not entered into an electronic system immediately upon receipt, and 2) not all additional surveillance cameras have been installed (there is still a blind spot for bankers area where reconciliations occur).

Mark Griffin will provide their report to the Audit Committee by next week.

Mark Cutwright, Deputy Inspector General noted that restructuring had occurred in the Treasurer's Office. The Cashier Manager now reports to the Cash & Investments Officer who has since started performing reconciliations of daily cash receipts. Mark noted that this has facilitated implementation of several of their recommendations.

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

DIA staff has returned to full-time work hours. Shared Work Ohio program is still available for future use if necessary.

f. Update from Fiscal on 2019 Financial Audit

Leigh Tucker noted that AOS has completed audit of Federal programs and provided County preliminary draft comments in November (but not including Federal programs, which will come in a second draft next week). Leigh noted there are some material misstatements, but none of which are new items not already discussed with the Audit Committee in past meetings.

AOS anticipates scheduling post audit review with Audit Committee in late December.

7. Other Business:

a. Introduction of new Audit Manager

Joshua Ault, Audit Manager, introduced himself to the Audit Committee. Prior to his role at the County, Josh served at the City of Cleveland as the Deputy Auditor for 9 years. He looks forward to serving the Audit Committee and the County in his new role.

b. Discussion and approval of 2021 Audit Committee Calendar

Monica Houston presented the calendar for 2021 committee meetings. Future meetings are scheduled for March 11, June 3, September 2, December 2.

Salvatore Talarico motioned to approve the 2021 Audit Committee Calendar, as written; Michael Abouserhal seconded. The 2021 Audit Committee Calendar was unanimously approved.

c. ADAMHS Board IG Complaint Resolution

Monica Houston noted that the matter was resolved and no further action is necessary.

d. 2021 Budget Discussion and Approval

Monica Houston presented a detailed analysis of the 2021 budget. Monica noted that County Council had already approved DIA's 2021 Budget as part of the County's biannual budget.

Trevor McAleer motioned to approve DIA's 2021 Budget, as written; Keith Libman seconded. DIA's 2021 Budget was unanimously approved.

e. Review of Audit Staff's Continuing Professional Education Credits

Joshua Ault presented an update on the department's continuing professional education credits requirements. He noted that the staff is compliant with professional standards and the Internal Audit Department's Charter.

f. Evaluation Process – Internal Audit Director

Monica Houston stated that she met with HR management to discuss performance management process at the County and noted that there was

not a consistent process across the County. She noted that HR has since started piloting a County-wide performance management process, which DIA is participating in.

Monica Houston presented the “IIA Global Internal Audit Competency Framework 2013” for competencies which she believes should be considered in the way that DIA employees are measured for performance management.

Salvatore Talarico noted that HR’s form does not include a self-evaluation section for Monica Houston to set goals that the Audit Committee can approve. However, Monica noted that staff develops their own goals that the supervisor approves.

Monica noted that at the next meeting on March 11, 2021, the Audit Committee would need to review and approve the Smart Goals form to be used in the performance evaluations of the DIA Director. Chairman Abouserhal asked that Monica provide the Audit Committee the Smart Goals form prior to the meeting to allow for any feedback, preferably in early February.

g. 2021 Annual Risk Assessment Report

Jeremy Hejnal, Senior Auditor provided an overview of the assessment as compared to prior years and highlighted some of the changes. Every five years DIA performs a “deeper dive” assessment where each auditable unit is interviewed and receives a separate score. For example, an auditable unit could be one of several divisions within an agency, like the Recorder’s Office within the overall Fiscal Office. The risk assessment report is used to determine a proposed audit.

h. Discuss 2021 Audit Plan

Monica Houston presented an overview of the 2021 audit plan and a status of current audit engagements that will be carried over into 2021. For new audits in 2021, there is a focus on County revenue/receivables. As far as consulting engagements, Jack Rhyne, Deputy CIO has requested DIA assistance with resolving post implementation challenges with the ERP Contracts/ Procurement module. DIA is also due to participate in a peer review in 2021, so hours are allocated to those efforts as well.

Keith Libman noted that significant number of 2020 projects were carried over into 2021 and inquired whether there were other candidate audits for 2021 that were in consideration if there was no carryover. Monica Houston confirmed there would be other candidates and noted that a list of these would be provided within the 2021 Annual Risk Assessment Report.

In light of the recent attention and added regulatory oversight at the Jail, Chairman Abouserhal asked DIA to defer the proposed Jail Operations Compliance Review on the 2021 Audit Plan and determine another proposed audit to present to the Audit Committee for consideration.

i. Resident Member Annual Independence Statements

Monica Houston reminded Audit Committee of annual requirement and provided the templated statement to the Audit Committee. No questions were raised.

j. Upcoming Audit Committee Member Reappointment

Chairman Abouserhal noted that the County Council had approved his next four-year term as a member of the Committee.

k. Status of Current Engagements

Monica Houston presented an overview of the current engagements, which will carry over into 2021.

Chairman Abouserhal asked why there were further delays in the Accounts Payable and Homeless Services audits. Monica Houston noted that the prior Audit Manager had left before the audits were reviewed and therefore the audits required additional hours for management review starting from the planning phase before fieldwork could continue and audit procedures adjusted as necessary.

l. Current/Emerging Risks

Due to time constraints this agenda item was not discussed.

8. Public Comment – Unrelated to Agenda

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

However, Monica Houston noted that there was a formal complaint that would be most appropriately discussed in Executive Session and that she would forward it to the Audit Committee by email.

9. Next Meeting – Thursday, March 11, 2021 9:00 AM – 12:00 PM

10. Adjournment

Trevor McAleer motioned to adjourn the meeting; Salvatore Talarico seconded. The motion to adjourn the meeting was unanimously approved at 12:48 p.m.

(signature on file)

Michael Abouserhal, Chair

MA/mh