

Minutes

CUYAHOGA COUNTY

AUDIT COMMITTEE

Wednesday, December 19, 2018, 9:00 AM – 11:30 AM

Cuyahoga County Administrative Headquarters

2079 East Ninth Street, Cleveland, OH 44115

4th Floor, 4-407 - Audit Committee Room B

1. Call to Order – meeting of December 19, 2018
The meeting was called to order at 9:04 a.m.
2. Roll Call
Attending:
Michael Abouserhal, Chairperson
Keith Libman
Gary Shamis
Yvette Ittu
Trevor McAleer (alternate for Councilman Dan Brady)
Armond Budish
Dennis Kennedy
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 24, 2018
There were no corrections to the minutes from the August 24, 2018 meeting. Keith Libman motioned to approve, as written; Gary Shamis seconded. The minutes for the August 24, 2018 meeting were unanimously approved.
5. Executive Session (As Necessary)
Michael Abouserhal discussed whether there was a need to go into executive session. The determination was made that nothing on the agenda necessitated an executive session.
6. Old Business:
 - a. Auditor of State Post Audit Conference with Audit Committee held November 26, 2018 on 2017 Financial Audit

Michael Abouserhal briefly discussed the meeting held on November 26th. This item is included on the agenda to memorialize the post audit and demonstrate the Audit Committee's compliance to the County Charter.
 - b. Follow-up Items from 3rd Quarter Meeting
Cory Swaisgood presented follow-up items from the 3rd quarter meeting.

Most items were discussed during the meeting as noted throughout the minutes. There was a question on the County's new travel policy related to outside agencies adopting the new policy. Only a few outside agencies, like Personnel Review Commission and Department of Internal Audit (DIA), have adopted the County's new travel policy.

- c. Resident Member Ethics Training and Independence Statements
Michael Abouserhal presented the requirement for resident Audit Committee members to complete a one-time ethics training per County Code. All current resident Audit Committee members completed the required ethics training.

The requirement to complete an annual resident member independence statement was added to the internal audit Committee charter in June. Cory Swaisgood will distribute the annual independence statements in January for completion prior to the 1st quarter meeting.

- d. Internal Audit Charter Update
Michael Abouserhal thanked the County Executive for his support on amending the County's Charter for internal auditing. Cory Swaisgood confirmed that both changes passed with a majority of the citizen votes in November 2018. He presented the changes. Cory Swaisgood will present a recommendation to follow one standard at the 2nd Quarter meeting in 2019, along with any other updates to the internal charters.
- e. Requested Opinion on Public Records
Michael Abouserhal clarified the request for an opinion on DIA's draft audit reports came from the Audit Committee and not the County Executive. The purpose of the request was to aid DIA and the Audit Committee in carrying out their functions without undue interference, not to circumvent public records law and limit transparency.

Dave Lambert, from the County Prosecutor's office presented the current status of the request. The Prosecutor sent a letter to the Ohio Attorney General requesting an opinion. Discussion ensued on any additional request or actions that needed to be taken and the timeline to expect a response. The Audit Committee decided to leave the current letter as is and discuss further once a response is received.

Cory Swaisgood presented the status of communication with the County's lobbyist in the state legislature. The state legislature wants to hold the draft legislation on amending the Revised Code to mirror the State Auditor's requirements to keep draft audit reports confidential until 2019.

Discussion ensued on the best path forward. Cory Swaisgood, Trevor McAleer and Michael Abouserhal will continue working with the lobbyist, potentially request an opinion from the Auditor of State's Office and the potential for the Audit Committee to release a letter in support of the draft legislation.

7. Other Business:

a. Follow-up from County on Management Responses to the County's 2017 Financial Audit

The following County personnel presented responses to findings and management letter comments from the County's 2017 financial audit to the Audit Committee:

- Angela Rich, Assistant Fiscal Officer,
- Amy Himmelein, Controller,
- Walter Parfejewiec, Director of HHS (HHS items),
- Catherine Tkachyk; Chief Innovation Officer and Performance Officer (IT items).

Discussion ensued, and questions were asked on 11 reportable findings and 29 management letter comments.

Michael Abouserhal commended the Fiscal Officer for addressing many of the findings and management letter comments from previous years but noted a lot still need to be addressed. Dennis Kennedy noted that many of these issues pertain to other departments the Fiscal Office has no control or influence over. Dennis Kennedy also mentioned findings and management letter comments were not provided to the Fiscal Office until the last minute and, historically, many of these items would have been verbal comments.

Yvette Ittu questioned DIA awareness and responsibility of these issues. Cory Swaisgood noted that some reportable issues were initiated from DIA findings in released audit reports. Cory Swaisgood also mentioned that DIA considers the Auditor of State's findings and management letter comments when developing the annual audit plan. The Audit Committee suggested the Auditor of State's Office schedule regular status update meetings with the Fiscal Office and County management, so findings are timely communicated for corrective actions.

b. Appointment of Audit Committee Member – Term Expiring 12/31/2018

Audit Committee member Keith Libman's term expires on December 31, 2018. Michael Abouserhal voiced his support for Keith Libman's reappointment. Armond Budish agreed with Keith Libman's reappointment and will submit the recommendation to County Council.

c. Update on Internal Audit Positions

Cory Swaisgood introduced the new Investigative Systems Analyst, John Cornwell. John Cornwell presented his professional background.

Gary Shamis motioned to approve the hire; Yvette Ittu seconded. The motion was unanimously approved.

Cory Swaisgood presented other staffing updates. Mamadou Ndour, former Staff Auditor, resigned and took a position with the Regional Transit Authority. Current part-time non-benefit-eligible staff auditor Timothy Verba's employment status was changed to part-time benefits-eligible. The Audit Committee approved this change via e-mail, but Cory Swaisgood requested formal approval. Yvette Ittu inquired as to whether this change was within the County's HR policy and Cory Swaisgood confirmed that it had been vetted thru HR and the PRC, and only Audit Committee approval was needed.

Gary Shamis motioned to approve the change in employment status; Yvette Ittu seconded. The motion was unanimously approved.

d. Request for Approvals

Cory Swaisgood presented the following for approval for the Audit Committee:

- \$4,709.93 (Approved via email) - Invoice for the external peer review thru the Association of Local Government Auditors. Cory Swaisgood reminded the Audit Committee of the peer review in August 2018 and the County was only liable for the peer reviewers' travel expenses. Yvette Ittu inquired as to whether it was above or below budget. Cory Swaisgood noted that it came in under budget.

Gary Shamis motioned to approve the invoice; Yvette Ittu seconded. The motion was unanimously approved.

\$2,100 – Audimation invoice for DIA's data analytic software. Cory Swaisgood stated the department saved approximately \$13,000 by switching software providers (approved last year by Board of

Control). Keith Libman inquired as to why the Audit Committee was required to approve these invoices. Cory Swaisgood noted that since DIA is a non-executive agency the Audit Committee is the authorization mechanism for purchases for most items. Some office supplies can be procured through contracts already established by the County. Audit Committee approval is needed to encumber the funds so Accounts Payable can pay the invoice.

Keith Libman motioned to approve the invoice; Yvette Ittu seconded. The motion was unanimously approved.

e. Audit Manual Revisions

Cory Swaisgood presented the audit manual revisions that were recommended by the external peer reviewers. Michael Abouserhal commended the department on the results of the peer review.

Trevor McAleer motioned to approve the changes to the audit manual; Yvette Ittu seconded. The motion was unanimously approved.

f. 2018 Annual Risk Assessment Process

Cory Swaisgood presented the annual risk assessment (RA). This is 4th year that a county-wide RA has been completed. Cory Swaisgood discussed the RA process. DIA had a 94% response rate for the questionnaires distributed in October. The only outstanding RA questionnaire at the time of the meeting was IT Security. Cory Swaisgood will submit a RA report to the Audit Committee in January.

g. Discuss and Tentatively Approve 2019 Audit Plan

Cory Swaisgood presented the tentative 2019 audit plan. Cory Swaisgood discussed the Fiscal Officer bank reconciliation methodology review as an engagement added per a request of the Fiscal Office. DIA does not expect to reperform any of the work unless deemed necessary. This will encompass a review of the methodology used by the Fiscal Office to complete monthly bank reconciliations in 2018. Cory Swaisgood will update the Audit Committee in January and if the review scope changed significantly. The review should be completed by end of January.

Cory Swaisgood presented planned engagements, accordingly, including follow-ups and two audits on Juvenile Court operations, per Juvenile Court's request.

Yvette Ittu questioned whether AOS findings were included in the plan.

Cory Swaisgood noted the bank reconciliation as one item that was in the current audit plan and some of the findings will be covered in follow-up audits as DIA identified some of the issues.

Michael Abouserhal commended the department for its performance and for receiving so many requests for engagement from management, even non-executive agencies such as the Juvenile Court.

- h. Review of Audit staff's Continuing Professional Education Credits
Not discussed at this meeting due to the meeting time running over.
- i. Discussion on Procurement Audit - IT Contracts
Not discussed at this meeting due to the meeting time running over.
- j. Budget Commission Review Report
Cory Swaisgood presented the results from the budget commission report and the scope of the engagement. The report was released on 10/24/18 through email approval from the Audit Committee.

Trevor McAleer motioned to approve the issuance of the budget commission review report; Keith Libman seconded. The report was unanimously approved for release.

- k. Treasurer's Office 2nd Follow-up Report
Cory Swaisgood presented the results of the Treasurer's Office 2nd follow-up report and scope of the engagement. 85% of the recommendations from the audit report released in 2014 were addressed. The report was released on 10/9/18 through email approval from the Audit Committee.

Trevor McAleer motioned to approve the issuance of the Treasurer's Office 2nd Follow-up Report; Keith Libman seconded. The report was unanimously approved for release.

- l. Sheriff's Office Property Room Follow-up Report
Cory Swaisgood presented the results of the Sheriff's Office property room follow-up report and the scope of the engagement. 89% of the recommendations from the audit report released in 2017 were addressed. Cory Swaisgood requested approval to release the report on 12/21/18

Trevor McAleer motioned to approve the issuance of the Sheriff's Office Property Room Follow-up Report; Keith Libman seconded. The report was unanimously approved for release.

m. Update of Current Internal Audit Engagement – ERP

Cory Swaisgood presented the purpose of DIA's involvement in the ERP implementation and the focus of the engagement. Cory Swaisgood noted the scope limitation that DIA ran into while attempting to review GHR security. Testing for the GHS module's security will be done post implementation.

Michael Abouserhal inquired as to whether GHR security was reviewed by DoIT/HR prior to being implemented. DIA's Sr Staff Auditor, Kim Seeley, noted that there is a finding in the draft report that GHR security was not reviewed prior to being authorized and implemented as the data to review permissions in the system were not available prior to go-live. Michael Abouserhal noted his concern with this issue and the GHR security implementation.

n. Update of Current Internal Audit Engagement – Children and Family Services Travel Reimbursement Audit

Cory Swaisgood presented the current status and scope of the children and family services travel reimbursement audit. The initial sample size from the County's travel reimbursement audit in early 2018 was expanded. DIA is currently testing supporting documents, including recalculating mileage reimbursements. Efficiency and control enhancements have been identified. Cory Swaisgood expects to provide the draft report to the Audit Committee in February 2019.

o. Update of Current Internal Audit Engagement – Invest in Children Provider Monitoring Audit

Cory Swaisgood presented the current status and scope of the Invest in Children provider monitoring audit. This engagement includes auditing funding for the pre-kindergarten program, including provider monitoring controls. Funding for these programs comes from HHS levy funds as well as individual grantors.

Michael Abouserhal inquired as to the total spend for the program, number of subrecipients, etc., and requested additional data for the program's size and scope related to the total dollars in the County. Cory Swaisgood to provide an update at the next meeting.

p. Update of Follow-up – Benefits

Cory Swaisgood presented the current status and scope of the 2018 open enrollment review. This is the second year of this review. DIA provided the results to HR Benefits in August, but the department has not been able to validate and address the results due to 2019's open enrollment and

ERP implementation.

DIA has identified potential instances of deductions being inaccurate and ineligible subscribers receiving pharmacy benefit coverage. Both Keith Libman and Michael Abouserhal noted their concern that these items were not being timely addressed. Michael Abouserhal requested that DIA perform another review early 2019 to ensure the issues are not continuing with the new system.

q. Update of Follow-up – Sheriff's Office

Cory Swaisgood reported the Sheriff's general operations follow-up would be distributed to the Audit Committee in early 2019. Cory Swaisgood was complimentary of the work completed by the Sheriff's Office.

The Sheriff's Civil Division follow-up has been delayed due to management being out on medical leave. Cory Swaisgood expects this follow-up to be completed early 2019.

8. Public Comment – Unrelated to Agenda

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

9. Next Meeting – Friday, March 8, 2019 9:00 AM – 11:30 AM

No discussion or comment.

10. Adjournment

Keith Libman motioned to adjourn; Trevor McAleer seconded. The motion to adjourn was unanimously approved at 12:19 p.m.

(signature on file)

Michael Abouserhal, Chair
MA/ks