

Minutes
CUYAHOGA COUNTY
AUDIT COMMITTEE
Friday, February 10, 2017, 10:00 AM – 12:00 PM
Cuyahoga County Administrative Headquarters
2079 East Ninth Street, Cleveland, OH 44115
4th Floor, 4-407 - Committee Room B

1. Call to Order – meeting of February 10, 2017
The meeting was called to order at 10:05 a.m.

2. Roll Call

Attending:

Michael Abouserhal, Chairperson

David Goodman

Yvette Ittu

Dennis Kennedy

Edward Kraus (alternate for Armond Budish) / Armond Budish

Trevor McAleer (alternate for Dan Brady)

Absent:

Gary Shamis

3. Public Comment - Related to Items on the Agenda

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

4. Approval of Minutes – November 4, 2016

There were no corrections to the minutes from the November 4, 2016 meeting. David Goodman motioned to approve, as written; Yvette Ittu seconded. The minutes for the November 4, 2016 meeting were unanimously approved.

Michael Abouserhal turned the Committee's attention to section 7(a) of the agenda.

7. Other Business:

- a. Election of Audit Committee Chairperson

David Goodman nominated Michael Abouserhal to serve as Chairperson of the Committee; Yvette Ittu seconded. Michael Abouserhal was unanimously elected as Chairperson of the Audit Committee for 2017.

5. Executive Session

- a. Auditor of State pre-audit conference

Michael Abouserhal stated that the Committee would now go into Executive Session in order to discuss the Auditor of State pre-audit conference. David Goodman motioned to go into Executive Session; Yvette Ittu seconded. A roll

call vote to enter Executive Session was taken: David Goodman – yes; Yvette Ittu – yes; Trevor McAleer – yes; Michael Abouserhal – yes. The motion was unanimously approved.

Executive Session was adjourned without objection and Michael Abouserhal then reconvened the meeting. Michael Abouserhal turned the Committee's attention to item 6(b).

6. Old Business:

b. Follow-up from County on Audit Findings and Management Responses to County's 2015 Financial Audit Report

Dennis Kennedy and members of the Fiscal Office team provided an update on the current status of management responses to audit findings from the Auditor of State's 2015 financial audit report. Amy Himmelein, County Controller, stated she was optimistic that the comments will be decreased in future audits given control measures that have been put into place. She briefly reviewed each item in the report and provided specific status updates. Jeremy Mio, Information Security Officer in the County's Department of Information Technology, provided status updates on audit comments related to information technology items.

Michael Abouserhal noted that the County still has not attained "low-risk" status. Amy Himmelein responded that an agency must be free of findings for two years in order to attain low-risk status.

Michael Abouserhal then turned the Committee's attention to item 6(a) on the agenda.

a. Follow-up from County on Benefits Audit - Phase I

Holly Woods, Director for Benefits and Compensation, presented to the Committee on Phase I of the Benefits audit, and the control measures that have been put into place in response to the audit. She stated that changes have been targeted toward those areas where the County has control and can make an impact: the regional partner program; overall budget; the open enrollment process; and general process improvement.

Committee members asked questions about the status of the benefits program's financial reserve, and the composition of the Advisory Committee that has been put into place to oversee implementation of program changes. Michael Abouserhal requested that Benefits provide the dependent verification audit results to the Committee when it is finalized.

Michael Abouserhal also requested that Benefits provide something to the Committee listing the regional partners that left the program in 2016 and the total cost to the County resulting from the regional partners leaving the program.

The Committee then proceeded to item 6(c) on the agenda.

c. Follow-up from Law Department on Audit Committee's Auditable Universe

Committee members expressed concern that the topic could relate to pending or imminent litigation. Trevor McAleer motioned to go into Executive Session; David Goodman seconded the motion. A roll call vote was called on the motion to go into Executive Session: David Goodman – yes; Yvette Ittu – yes; Trevor McAleer – yes; Michael Abouserhal – yes. The motion was unanimously approved. The Committee went into Executive Session.

Executive Session was adjourned without objection and Michael Abouserhal then reconvened the meeting.

7. Other Business:

b. Pre-Audit Discussion with Auditor of State on 2016 Financial Audit
This item was discussed in Executive Session under item 5(a).

c. Request for Approvals

i. Rose Karam, CFE, CIA as Audit Manager

David Goodman motioned to approve; Yvette Ittu seconded. The motion was unanimously approved.

ii. County Non-bargaining COLA

David Goodman motioned to approve; Yvette Ittu seconded. The motion was unanimously approved.

iii. Out-of-State Conference Travel

Discussion ensued regarding the request to send four staff to the Association of Local Government Auditors Annual Conference in Atlanta. Cory summarized the program and informed the Committee of the required continuing education credits that staff could earn through participation. Given the cost to attend, Armond Budish recommended that only a portion of the staff attend. Trevor McAleer recommended sending all four staff this year, given a number of people are relatively new hires. Committee members agreed to send all four staff this year, but in subsequent years,

only a portion would attend. Trevor McAleer motioned to approve; Yvette Ittu seconded. The motion was unanimously approved.

- iv. **Audit Management Software Invoice**
David Goodman motioned to approve; Yvette Ittu seconded. The motion was unanimously approved.

- d. **Report of Performance Relative to Prior Year Audit Plan**
Cory briefly discussed the risk assessment process and how it related to the 2016-2017 audit plan approved by the Audit Committee at the May 5, 2016, meeting.

Cory discussed the process to update the audit plan for 2017 and noted the rationale behind removing specific departments from the prior year audit plan.

Cory then provided an overview of 2016 engagements and the status of any engagements in progress.

- e. **Discussion of Current Year Audit Plan**

Cory briefly presented on the current audit plan during his presentation in item 7(d). Due to time constraints, Michael Abouserhal requested the committee approve the audit plan so Internal Audit can start working on it. Any updates and/or revisions will be discussed at the next meeting. David Goodman motioned to approve; Yvette Ittu seconded. The motion was unanimously approved.

Because several members had to leave, it was agreed that topics 7(f) through 7(n) would be discussed at the next meeting.

- f. **Update of Follow-up Review – Treasurer’s Office**
- g. **Update of Current Internal Audit Engagement – Benefits Phase II**
 - i. Health Plan Termination Dates
 - ii. Employee Medical Coverage
 - iii. Monitoring County’s FSA Account
- h. **Update of Current Internal Audit Engagement – Payroll**
 - i. Employee Termination Process
 - ii. Segregation of Duties Violations
 - iii. Exempt Employees Receiving Overtime
- i. **Update on Department Position Vacancies**
- j. **Independent Peer Review Process**
- k. **Confirm Independence of Audit Personnel**

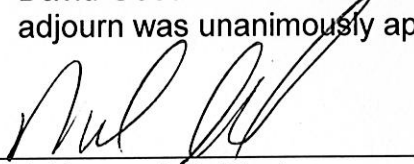
- I. Annual Review of Audit Committee Charter
- m. Annual Review of Internal Audit Charter
- n. Update of Internal Audit Policies
 - i. Defer to 2nd Quarter Meeting

- 7. Public Comment – Unrelated to Agenda
There was no further public comment on items unrelated to the agenda.

- 8. Next Meeting – Friday, April 21, 2017, 10:00 AM – 12:00 PM

- 9. Adjournment

David Goodman motioned to adjourn; Trevor McAleer seconded. The motion to adjourn was unanimously approved at 12:42 p.m.



Michael Abouserhal, Chair

MA/mb