

**Minutes
CUYAHOGA COUNTY
AUDIT COMMITTEE
REGULAR MEETING
September 8, 2022, 9:00 AM - 11:00 PM**

1. Call to Order – meeting of September 8, 2022

The meeting was called to order at 9:02 a.m.

2. Roll Call

Attending:

Audit Committee Chairman, Michael Abouserhal
Keith Libman
Trevor McAleer (alternate for Pernell Jones, Jr.)

Absent:

Salvatore Talarico (attending virtually)
Yvette Ittu
County Fiscal Officer Michael Chambers
County Executive Armond Budish

3. Public Comment - Related to Items on the Agenda

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

4. Approval of Minutes - June 9, 2022 and August 4, 2022

Keith Libman motioned to approve the June 9, 2022 minutes; Trevor McAleer seconded. The motion to approve the June 9, 2022 minutes was unanimously approved.

Trevor McAleer motioned to approve the August 4, 2022 minutes; Michael Abouserhal seconded. The motion to approve the August 4, 2022 minutes was unanimously approved.

5. Executive Session (As Necessary)

Keith Libman motioned that the Committee go into Executive Session per ORC 121.22(G)(1) to consider the employment and compensation of a public employee; Trevor McAleer seconded. A roll call was taken and the motion was unanimously approved: Michael Abouserhal, yea; Keith Libman, yea; Trevor McAleer, yea.

The Executive Session was called to order at 10:45am. The Executive Session adjourned at 11:37am. Michael Abouserhal then reconvened the general meeting.

6. Old Business

a. Follow-up Items from 2nd Quarter Meeting

Monica Houston addressed the Committee regarding the follow-up items:

- IG unable to present at September meeting. Presentation to be considered as an agenda item for 4th qtr. meeting.
- OIG Loan Development Update Report. OIG has requested additional time to determine how they would like to address the issues identified with report that was received on 2/23/22.
- Proposed revisions that addressed recommended revisions as per the Peer Review Assessment provided to AC for review and approval at 6/9/2022 meeting. Per 8/18/22 email from Mike Abouserhal, no proposed changes will be made.

No discussion or questions were raised, as follow-up items needing discussion were covered in subsequent agenda items.

b. Bank Reconciliation

Leigh Tucker, Deputy Fiscal Officer, addressed the Committee regarding the bank reconciliation. \$2.27 million write off complete. 23 accounts reconciled through June 2022, 11 through March 2022, and 3 through January 2022. The goal is to be caught up on monthly reconciliations through September 2022 by end of October. Leigh mentioned that procedures are being developed for the fully automated process.

Committee members asked questions of Leigh pertaining to the item, which she answered accordingly.

c. Audit Committee Jurisdictional Sub-Committee Update

Mark Musson, Assistant Prosecuting Attorney, provided the background and an update on the sub-committee's work on the jurisdictional review. Discussion ensued amongst the Audit Committee members relative to the Committee's jurisdiction, the authority of the Committee/Internal Audit Department, impact of the legal opinion issued to the Board of Elections on Internal Audit's compliance with IIA standards, and the potential impact of the letter from the director of the Personnel Review Commission relative to submission to recent audit requests.

Mike Abouserhal recommended that the Committee's efforts be focused on clarifying the language in the County Charter relative to internal audit's authority rather than on addressing individual instances of audit opposition as they arise.

Monica Houston advised the Committee that concern expressed by the peer reviewers, relative to the subsequent event which they believe is indicative of a lack of independence and hence requiring a revision to the opinion issued, could be effectively addressed by the Committee taking action that would seek to correct the language in the County Charter. The Committee requested that recommended language revisions to Section XI of the Cuyahoga County Charter be provided to the Committee at the next meeting. Michael Abouserhal requested a motion from the Committee to show their intent to resolve the issue through amendment to the Cuyahoga County Charter.

Keith Libman motioned to direct the Director of Internal Auditor to begin a process to consider amending the Cuyahoga County Charter in a manner that meets IIA standards for independence; Trevor McAleer seconded. The motion was unanimously approved.

Monica indicated that she would notify the IIA of the action taken by the Committee.

d. External Audit Post Meeting

Michael Abouserhal noted that the Committee met with the external auditors (Clark Shaffer Hackett) the week of September 1, 2022, for the post-audit meeting, fulfilling the Audit Committee's responsibilities. Michael Abouserhal commended Michael Chambers and Leigh Tucker on their efforts in ensuring more timely completion of audit this year.

Michael Abouserhal requested Monica Houston facilitate the scheduling for a pre-audit meeting with the external auditors sometime in November 2022 which will allow for the attendance of the current administration as well as that of a County Executive-Elect representative.

e. Recommendation for Revision to Cuyahoga County Charter

See Agenda Item #6c where this item was addressed in the context of the jurisdictional review update.

f. Director Evaluation

Mark Musson indicated there was a revision to one of the scores for the Director's evaluation that would require a motion for the record.

Trevor McAleer motioned to approve the evaluation of the Department of Internal Audit Director to reflect the updated score; Keith Libman seconded. The motion was unanimously approved.

7. Other Business

a. Recap of Presentation to Council

Monica Houston informed the Committee that the presentation to Council was given in August 2022 and there were no concerns to report. Trevor McAleer was in attendance. The Council members were pleased with the report and interested in gaining a further understanding of internal audit's role and the potential benefits to the Council.

b. DIA Role in Diversity, Equity, and Inclusion

Monica Houston presented an overview of Department of Internal Audit (DIA's) role in Diversity, Equity, and Inclusion (DEI).

- DIA alignment with County-wide initiatives.
- DIA plans on applying a DEI lens on all relevant audits in future audit plans, if the Audit Committee desires.
- Provision of advisory services as requested:
- Assurance relative to DEI program/initiatives on post-implementation basis.

Keith Libman made inquiry as to whether DIA has the expertise to provide DEI assurance. Monica stated DIA staff members possess a wide range of expertise. She further stated that the technical expertise to perform the work would be assessed as needed and if it were determined that DIA does not have the requisite expertise, she would inform the Committee of the need to obtain the services of an outside consultant.

c. Discussion on Remote Work and Travel Policy

Trevor McAleer requested for Mark Musson to finalize the Remote Work draft based upon the feedback of the Committee members and provide the draft to the DIA director for feedback. Trevor also requested this item be added to the agenda to discuss potential adoption at the next meeting depending on the feedback from the DIA director.

Trevor McAleer motioned to approve the incorporation of the out of state travel guidelines language into the audit manual to include that the audit committee must provide prior approval to DIA staff for out of state travel for work purposes; Keith Libman seconded. The motion was unanimously approved.

Trevor McAleer noted one other change to the audit manual for the work schedules. Trevor moved to memorialize the discussion by the Audit Committee regarding the work schedule and core hours of DIA staff as reflected in the 3/21/2021 minutes and to incorporate in the work section of the audit manual as written with what Mark Musson has provided the Committee members.

Trevor McAleer motioned to approve the revision of the core hour language into the audit manual; Keith Libman seconded. The motion was unanimously approved.

d. Member Reappointment

Michael Abouserhal indicated that Keith Libman's term ends 12/31/2022 and the Committee is encouraging Keith to consider another term.

e. Status of Current Engagements

Joshua Ault provided the status of current engagements:

- Cuyahoga Emergency Communications System (CECOMS) and Department of Senior and Adult Services (DSAS) reports were released. Both are in process of final quality control review.
- HR Employee Payroll Review report drafted. Exit conference being scheduled and anticipating a date by 9/23/2022.
- HR Hiring, Recruitment, and Retention Assessment and HR Compliance audit planning are almost complete. Initial report release was projected by 10/7/2022, however expecting a need to push out.
- IT General Controls review. In the middle of the RFP process. Pre-bidding meeting scheduled for 9/12/2022.
- Motor Vehicle Revenue and Receivables. Entrance conference was held and planning is starting.
- Real Property and Receivables almost complete. It was a large project due to the involvement of several departments (Appraisal, Real Property, Transfer and Recording, and Treasurer's Office). Last finding to be communicated shortly and then report can be fully drafted.
- Issue tracker. 9 new recommendations since mid-year report at last meeting. Currently tracking 178 total recommendations. 55 closed to date, 1 open (not resolved), and 29 scheduled to complete by end of year.
- Risk assessment has kicked off. Letters should go out soon, by today or tomorrow.

Committee members asked questions of Ms. Houston pertaining to the risk assessment, which she answered accordingly. Additionally, Ms. Houston explained that the bank reconciliation review cannot be finished this year, as Leigh Tucker indicated that they need until the end of year to achieve steady state in their process. Therefore, Ms. Houston asked the Committee to consider a motion to modify the audit plan for a deferral.

Keith Libman motioned to approve the modification to the audit plan to defer the bank reconciliation review; Trevor McAleer seconded. A motion was passed unanimously.

f. Current/Emerging Risks

Monica Houston presented a brief update on current/emerging risks. She advised of an emerging risk relative to compliance with GASB 87 by financial year 2022.

Leigh Tucker reported that all County operating and capital leases have been identified on a list, but they are still gathering all the underlying lease agreements and documentation so that the Auditor of State Local Government Services (LGS) can assist the County with evaluating their list for GASB 87 compliance.

Leigh plans to meet with Clark Schaefer Hackett sometime in January or February to discuss the materiality thresholds of all leases. Also, regarding upcoming compliance needed with GASB 91, Leigh has a meeting with LGS scheduled 9/23/22 and she will loop in Clark Schaffer Hackett to discuss.

No discussion or questions were raised.

8. Public Comment – Unrelated to Agenda

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

9. Next Meeting – Thursday, December 8, 2022, 9:00 AM - 12:00 PM

10. Adjournment

Keith Libman motioned to adjourn the meeting; Trevor McAleer seconded. The motion to adjourn the meeting was unanimously approved at 11:50 a.m.

(signature on file)

Michael Abouserhal, Chair

MA/ts