

**Minutes
CUYAHOGA COUNTY
AUDIT COMMITTEE
REGULAR MEETING
December 14, 2023, 9:30 AM – 12:30 PM**

1. Call to Order – meeting of December 14, 2023

The meeting was called to order at 9:34 a.m.

2. Roll Call

Attending:

Michael Abouserhal, Audit Committee Chairman

Keith Libman

Salvatore Talarico

Katie Gallagher, (alternate for County Executive Chris Ronayne)

Absent:

- Michael Chambers, Fiscal Officer

Notes:

- Meltrice Sharp arrived at the meeting at 9:35 am.
- Trevor McAleer (alternate for Council President Pernel Jones, Jr.) arrived at the meeting during Executive Session.
- Salvatore Talarico and Katie Gallagher left the meeting during the Executive Session.

3. Public Comment - Related to Items on the Agenda

Upon completion of Executive Session, Monica Houston addressed the committee expressing:

- She was not provided an opportunity to discuss her evaluation or ADA accommodation with the Audit Committee.
- Asserted there seemed to be an action taken as a result of the performance appraisal, particularly to the change relative to her ADA accommodation. Monica requested the record note she was not allowed to participate in her evaluation.

Mark Musson, Assistant Prosecuting Attorney, informed Monica that the Audit Committee Chair can provide her a copy of the evaluation, which she is welcome to provide any responses. Monica expressed her belief that this opportunity should have been provided before the Audit Committee approved the evaluation.

Meltrice Sharp, Keith Libman and Trevor McAleer asserted that the two subsequent motions bear no relation to the evaluation.

4. Approval of Minutes – September 7, 2023

Salvatore Talarico motioned to approve the September 7, 2023 minutes; Michael Abouserhal seconded. The motion to approve the September 7, 2023 minutes was unanimously approved.

5. Member Appointment

a. Reappointment of Salvatore Talarico

Michael Abouserhal reminded the committee that Salvatore Talarico's term is ending December 31, 2023, and the recommendation for his reappointment will be heard on January 16, 2023.

6. Executive Session (As Necessary)

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

The Executive Session was called to order at 11:43 a.m. The Executive Session adjourned at 12:54 p.m. Michael Abouserhal then reconvened the general meeting.

Trevor McAleer motioned to approve the performance evaluation for the DIA Director, Monica Houston; Keith Libman seconded. The motion was unanimously approved.

Keith Libman motioned to approve the Director of Human Resources to recruit candidates and post the position of DIA Director; Meltrice Sharp seconded. The motion was unanimously approved.

Meltrice Sharp motioned to ratify the accommodation previously offered to the DIA Director for DIA's remote work policy until the next Audit Committee meeting provided a daily work log is completed and submitted weekly to the delegate authority necessary to administer all matters related to the accommodation request to Human Resources. This grants the DIA Director an accommodation permitting two remote workdays per week; Keith Libman seconded. The motion was unanimously approved.

Michael Abouserhal inquired with Monica as to the availability of auditee survey responses and if she could provide them to the Audit Committee for

review. Monica responded this is normally an item scheduled to be provided at the 1st quarter meeting but expressed her willingness to provide the Audit Committee with survey responses to date and on an ongoing basis.

7. Old Business:

a. Follow-up Items from 2nd Quarter Meeting

Monica Houston, Director of Internal Audit, addressed the committee regarding the follow-up items:

- Bank Reconciliation. See agenda item 7b.
- Cuyahoga County Charter Revision. See agenda item 7d.
- Annual Update to Council. Presentation on 9/19/23. See agenda item 7e.
- HR Employee Payroll Review. See agenda item 8c.
- 2024 Goals. Per the 7/6/2023 meeting, DIA to consider education of auditee on the process and value of internal audit for a goal in the 2024 year. Salvatore Talarico recommended a video. Monica is in discussion with an ALGA committee on ways to communicate the value of internal audit (including the possibility of video presentation).
- Charter Review Commission Process. Per the 7/6/2023 meeting, request for Trevor McAleer to provide the governing rules. Document provided to the Audit Committee subsequent to that meeting.
- Remediation of Governance Level Findings. Audit Committee response added to report. Item will be tracked and follow up will occur through the Issue Tracking Process. Monica shared there were no concerns relative to the item when the committee received the report.
- Council Support of Charter Revision. Meetings held with Councilpersons Sweeny, Turner, and Miller as part of budget process and the concerns relative to DIA authority to audit and access to records were discussed. Monica indicated that additional discussion will occur with agenda item 7d.
- Remediation of Governance Level Findings – Sponsorship to Charter Review Committee. Response updated to match agreed upon language. Report distributed to Audit Committee on 11/1/23. No concerns or questions from committee.

- Budget Update. Request presented to Council on 11/2/23. See agenda item 7g.

b. Bank Reconciliation

Leigh Tucker, Deputy Fiscal Officer, addressed the committee regarding the bank reconciliation:

- Monthly bank reconciliations have been completed timely since May 2023. Monthly reconciliations are typically completed by the 10th day of the following month. They hoped to have a new tool that would help in completing daily bank reconciliations by the next business day, but she does not expect that tool to be available until the County updates to the new version of INFOR. They have finished developing the documentation for the reconciliation process using the new system, which is available if Internal Audit wants to come in to review the processes in 2024. Monica Houston inquired with Leigh if she recalls rightly that they were audit ready as of December 1st, 2023; Leigh responded in the affirmative.

Questions were raised and discussion ensued amongst the committee members.

Michael Abouserhal requested the item be taken off the quarterly meeting agendas but asked Leigh to continue sending the monthly email updates to the Audit Committee.

c. External Audit Pre Audit Meeting

Michael Abouserhal advised the committee of an upcoming pre-audit meeting with the external auditor (Clark Schaefer) in February.

d. Recommendation for Revision to Cuyahoga County Charter

Michael Abouserhal reminded the Audit Committee this item pertains to revisions necessary to address the concerns with the Audit Committee's scope and access to records.

Monica advised the Law Department provided her a legal opinion determining that by County Charter they are unable to provide legal support for the Audit Committee in this effort but it can be provided by the Prosecutor's Office.

Mark Musson, Assistant Prosecuting Attorney, advised:

- The Law Department is of the opinion that the client is the Audit Committee.
- The Audit Committee is the client of the Prosecutor's Office, and as such, they would provide that service.
- Mark requested to know specific details on what the request is (what is the goal to be accomplished, and what the Audit Committee wants from the Prosecutor's Office).

Monica Houston proposed that the Audit Committee consider independent counsel as there may be a potential conflict of interest engaging the Prosecutor's Office given opinions issued to other Prosecutor's Office clients relative to DIA's authority. Mark Musson added that the only way to obtain independent outside counsel would be through a motion by the Prosecutor's Office.

Discussion ensued amongst the committee members.

It was determined that Monica Houston would draft a request for the Audit Committee to submit to the Prosecutor's Office.

e. Update to Council

Monica Houston informed the Audit Committee that the presentation to Council was given on September 19th, 2023. There were no concerns to report or follow up questions. Meltrice Sharp was in attendance.

Meltrice Sharp reported that it seems the meeting went well, it was a thorough review, Council was engaged, and Monica Houston adequately addressed any items Council thought were important.

f. Director Evaluation (see 6b)

This item was covered in agenda item 6. Executive Session.

g. Budget Update

Michael Abouserhal reminded the Audit Committee that at a prior meeting, they had approved DIA's budget for the next two fiscal years (2024-2025). The County Executive submitted a different budget to the County Council for approval, which the County Council has approved. This budget was less than the budget approved by the Audit Committee.

Monica presented the budget analysis that was provided to the Audit Committee members and explained the differences and potential impact on the operations. Monica advised she went before Council to request an

adjustment for the additional funds that were in the Audit Committee approved budget. However, Council did not agree to any adjustment.

Questions were raised and discussion ensued amongst the committee members.

It was determined Monica would provide a year-end report to the Audit Committee for consideration before any decisions are made. In closing, Michael Abouserhal requested this topic remain as a standing agenda item for future meetings.

8. Other Business:

a. Management Update on 2022 Financial Audit Findings

Leigh Tucker presented management responses for one audit finding and six of the eight management letter comments. Andy Johnson, Chief Information Officer, presented management responses for the two IT-related management letter comments.

Questions were raised and discussion ensued amongst the committee members.

b. Discussion with the Inspector General

Michael Abouserhal reminded the Audit Committee of a payroll audit report issued by the DIA a couple years ago relative to payroll monitoring with 6 different attributes tested and significant error rates identified. This prompted Michael's encouragement for management to consider testing 100% of transactions for those 6 attributes. The Inspector General has implemented continuous monitoring of payroll, and therefore he felt it would be helpful for Alexa to present their work to obtain a better understanding.

Alexa Beeler, County Inspector General, addressed the committee regarding the Inspector General's continuous payroll monitoring.

Questions were raised and discussion ensued amongst the committee members.

Katie Gallagher requested Sarah Nemestil, HR Director speak on the remediation efforts to ensure payroll accuracy from the HR perspective. Both the HR Director and HR Director of Employee Services, Patrick Smock spoke on the remediation efforts. No questions were raised.

In closing, Michael Abouserhal requested Alexa Beeler come back after a couple of quarterly meetings to provide an update relative to the Inspector General's continuous monitoring of the new payroll system.

c. Review of Audit Staff's Continuing Professional Education Credit

Monica Houston informed the committee that all DIA staff met the requirements for the year as per the document provided to the Committee.

d. Review and approve 2024 Risk Assessment

Monica Houston presented a brief overview of the risk assessment. She shared that there were few changes from the prior year. No questions were raised by the Committee.

Salvatore Talarico motioned to approve the 2024 Risk Assessment; Meltrice Sharp seconded. The motion was unanimously approved.

e. Discuss and tentatively approve 2024 Audit Plan

Monica Houston presented an overview of the tentative 2024 Audit Plan, briefly discussing the planned audits and consulting services.

Questions were raised and discussion ensued amongst the committee members.

f. Resident Member Annual Independence Statements

Michael Abouserhal informed the Audit Committee that Monica Houston would be sending out the annual independent statements for completion and reminded members of the requirement to send completed forms to the Inspector General.

g. Quality Assessment Updates

This item was deferred for discussion due to time constraints.

h. Status of Current Engagements

This item was deferred for discussion due to time constraints except for an update on the ITGC Risk Assessment:

Monica Houston conveyed that there are delays with the vendor, stemming from a misunderstanding of the desired scope identified during the engagement planning. Monica is helping the vendor develop a risk matrix

that aligns with IT standards. In effect, what was originally a sole source project is now a co-source project, requiring further resources by DIA.

i. Current/Emerging Risks

Nothing was presented for discussion.

9. Public Comment – Unrelated to Agenda

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

10. Next Meeting – Thursday, March 28 2024, 9:00 AM – 12:00 PM

a. Discussion of 2024 meeting schedule

Trevor McAleer requested Monica re-schedule the December meeting date due to a potential conflict with a Council meeting.

11. Adjournment

Keith Libman motioned to adjourn the meeting; Trevor McAleer seconded. The motion to adjourn the meeting was unanimously approved at 1:04 p.m.

(signature on file)

Michael Abouserhal, Chair
MA/ts