

Minutes

Cuyahoga County Audit Committee
Friday, November 4, 2016, 10:00 AM
Cuyahoga County Administrative Headquarters
2079 East Ninth Street, Cleveland, OH 44115
4th Floor, 4-407 - Committee Room A

1. Call to Order

The meeting was called to order at 10:10 a.m.

Michael Abouserhal started with item 7(a) on the agenda and introduced new members David Goodman and Yvette Ittu, who were confirmed by County Council on September 27th.

2. Roll Call

Attending:

Board

Michael Abouserhal, Chair
Armond Budish, County Executive
David Goodman
Yvette Ittu
Dennis Kennedy, Fiscal Officer
Trevor McAleer (alternate for Dan Brady, Council President)
Gary Shamis

Staff

Joe Boatwright
Valerie Harry
Cory Swaisgood
Lindy Burt

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 25, 2016

Gary Shamis motioned to approve the minutes from the August 25, 2016 meeting, as written; Trevor McAleer seconded. The minutes were unanimously approved.

5. Executive Session (As Necessary)

There was no Executive Session.

6. Old Business:

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

The Board discussed Phase I of the Benefits Audit, which received recent coverage in the media. Trevor McAleer described changes implemented in the County's 2017 benefits enrollment

process. Discussion ensued regarding changes also being implemented to the Regional benefits programs. Michael Abouserhal requested that the Human Resources Department make a presentation to the Audit Committee at their first meeting in 2017.

- b. Auditor of State Post Audit Conference with Audit Committee held October 20, 2016 on 2015 Financial Audit.

Valarie Harry reported on the State's Post Audit Conference presentation. The Fiscal Office is drafting a letter of response to send to Columbus. Michael Abouserhal requested that upon finalization, Dennis Kennedy forward a copy of the response letter. Dennis reported that the Fiscal Office plans to meet with the Director of any Department cited in the audit to help develop remediation steps to address identified issues. He said he would update the Committee on progress at the first meeting in 2017.

- c. Updates on Council's Auditor of State Post Audit Conference held October 24, 2016 on 2015 Financial Audit.

Trevor McAleer provided a brief report, commenting that there were fewer findings and progress is being made to address issues.

7. Other Business:

- a. [completed at beginning of meeting]

- b. Staff Auditor Vacancy as of November 11, 2016

Cory Swaisgood reported that staff auditor Kim Seeley is resigning as of 11/11/16. Val Harry provided an update on the hiring process. Cory commented that the staff vacancies could impact the pace of completion of Phase II of the benefits audit. Board members discussed the staff auditor position description.

- c. Director of Internal Audit Nomination

Michael Abouserhal reported that on November 2nd, the Committee held an Executive Session to consider Internal Audit Director candidates. During the Executive Session, members approved a recommendation on a candidate, which will be forwarded to County Council for confirmation.

- d. Revision in Audit Committee Calendar

Cory Swaisgood notified members of a revision to the calendar. Fourth quarter reporting on the 2016 Audit Plan will be moved to the first quarter of 2017. The Plan would tentatively be presented to County Council after the Committee's first meeting in 2017.

- e. Audit Staff's Continuing Education Credits

Cory Swaisgood summarized the continuing education (CE) requirements for Department staff. Val Harry commented that the Association of Local Government Auditors (ALGA) considers completion of CE credits as part of its peer review process. The Department is working toward completion of a Department peer review by 2018. Cory will provide a timeline on the peer

review process at the first meeting in 2017. Val Harry summarized the components of the peer review process.

f. Annual Risk Assessment

Cory Swaisgood updated the Committee on the Risk Assessment program. He noted that the inaugural risk assessment was completed in 2015. Staff met with 97 auditable units, and the data collected during this process was incorporated into the 2016-17 Audit Plan. David Goodman asked for clarification on the criteria that identifies a department as "high risk." A risk assessment questionnaire will be sent to department leaders, and the goal is to have the audit plan completed by the end of the year. Once completed, the Plan would come to the Committee. Michael Abouserhal recommended the Department meet with the Executive about the Plan, prior to submitting it to the Committee. Trevor McAleer asked if the risk assessment includes outside boards. Discussion ensued regarding the County's authority to audit outside agencies. Joe Boatwright suggested that audit duties could be clarified through a contract that governs the terms of budget subsidies provided to such agencies (e.g. ADAMHS; Land Bank; MetroHealth). Yvette Ittu requested that the County Law Department provide a listing of County Agencies that could be subject to an audit by the Internal Audit Department. Gary Shamis commented that in lieu of directly auditing outside agencies, the County should confirm that the agency is undertaking an annual audit, and review the management letter produced by the audit. This can ensure that the agency has implemented proper controls to prevent fraud and waste. Dennis Kennedy agreed that attention to contract compliance is an important preventative step.

g. Treasurer's Office and Commissary Follow-ups

Cory Swaisgood reported that follow up at the Commissary will begin November 21st. They will have a new system up and running by January or February of 2017, and then Audit staff will return to ensure all audit recommendations have been addressed by the new system. Cory Swaisgood also reported that follow up on the Treasurer's Office will begin in November 2016 and conclude prior to the first meeting in 2017.

h. Update of Current Internal Audit Engagements

Corey Swaisgood provided an update on current audits. Staff is currently completing audit tests for Phase II of the benefits audit and audit tests for the County-wide payroll audit. With regard to the Human Resources, review has been initiated in the areas of employee parking and flexible spending account withdrawals, payroll, and imputed life insurance income. Staff anticipates the payroll portion will be completed during the spring of 2017.

8. Public Comment – Unrelated to Agenda

There was no public comment unrelated to the agenda.

9. Next Meeting – Friday, January 13, 2017, 10:00 AM – 12:00 PM

10. Adjournment

Gary Shamis motioned to adjourn; David Goodman seconded. The motion to adjourn was unanimously approved at 11:55 a.m.

Approval:

Corrections: None

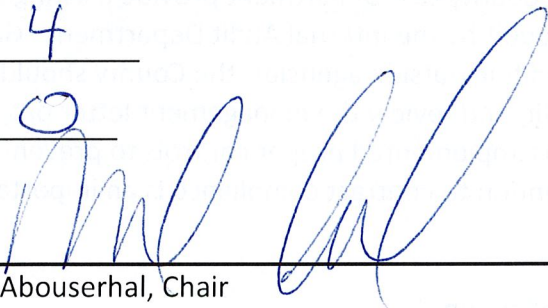
Motion to approve, as written: Goodman

Second: Ittu

The minutes of the November 4, 2016 Audit Committee were approved.

Yeas: 4

No: 0



Michael Abouserhal, Chair