

**INTERAGENCY INTERNAL AUDIT AUTHORITY
OPEN SESSION MINUTES
MAY 19, 2021**

The Interagency Internal Audit Authority (IIAA) met virtually at 8:00 a.m. Those present were:

IIAA Members: Chair Steve Darr, Vice Chair Nicole Prorock, Shaun Jones, Jon Alexander, Tom Lynch, and Sue Johnson

IA Staff: Tricia Reaver, Dawn Reed

FCC Staff: Cathy Perry-Jones

FCPS Staff: Leslie Pellegrino, Amanda Baugher and Melissa Rollison

FCG Staff: Lori Depies, Erin White, and Melanie Thom

Contractors:

SC&H: Matt Simons, Ed Mikhail, Sam Fitzgerald, Anthony DiGuilian, and Lucas Ward

CLA: Sean Walker and Cheri King

SB & Company: Chris Lehman

Mr. Steve Darr, Chair, called the virtual IIAA open meeting of May 19, 2021, to order at 8:00 a.m.

Approval of Agenda – May 19, 2021

Mr. Tom Lynch made a motion to accept and approve the agenda for the May 19, 2021 meeting as presented, seconded by Ms. Nicole Prorock. All present voted in favor (Steve McKay absent). The motion passes.

Approval of Open Meeting Minutes – April 21, 2021

Mr. Tom Lynch made a motion to approve with two minor edits, the open meeting minutes of April 21, 2021, seconded by Mr. Jon Alexander. All present voted in favor (Steve McKay absent). The motion passes.

Status of Assignments

CLA:

FCG Receipts Transactions – Mrs. Reaver said there is a list of about 40 remaining transactions that need to be looked into and Treasury does have those and they plan on helping with that work. She said they are hoping to finish that out in the month of June.

FCG Sub Recipient Monitoring Grants – Mrs. Reaver said this work has closed out and we do have the final billing from that task order. She said it looks as if the County will be utilizing some contract work through CLA and she knows that the County's Finance team is working with internal audit, CLA and procurement regarding contract and task order. She said she will have more information and follow up at the June meeting.

FCG/FCC/FCPS Financial Transactions – Mrs. Reaver said FCPS is the furthest along out of these three audits and CLA has a draft report going through their drafting process now. She said next will be FCC and then the County, which they are collecting data (running reports, trial balances) and deciding the best fit for how we want to look at and analyze that data. Mr. Sean Walker, CLA, confirmed the drafting of the FCPS report and mentioned that it has taken a little bit longer than expected. He said they are trying to decide the best way to present the data. Mr. Walker said once that report is out, they will use it as a template for the FCC report. He said there should be drafts for two of the three reports, (FCPS and FCC) for the June meeting, as the County audit is in the infancy stage. Mr. Steve Darr conveyed his appreciation to have the drafts for the June meeting.

FCG Hotel Rental Tax – Mrs. Reaver said this audit has been fully kicked off and some of the listed items have already been provided to CLA to start making our sample selection of hotels. She said they were able to meet with the tourism council executive director before he retired, along with his replacement at the same time. Mrs. Reaver said we've also met with our human relations department in the new human trafficking piece of that audit.

SC&H:

FCPS Timesheet Controls – Mrs. Reaver said the draft report included in the packet has been edited a bit with the management responses and that new edited version was sent to the IIAA members on Monday via e-mail, from Mrs. Dawn Reed. She said we can vote on this audit in an open session but any discussions would need to occur in a closed session today, due to the sensitivity and the possibility this report will be confidential. Mr. Darr said given that we've got at least part of this discussion planned to be held in closed session, he is not prepared to vote on the draft report itself. He said he doesn't think it would be appropriate to vote on the draft report in a closed session, but to hold a discussion in a closed session and return to an open session for a vote. Mr. Darr said he thinks it would be best to vote on the report itself in the June meeting and hold discussion in the closed session at today's meeting. The IIAA agreed. Mrs. Reaver said she will need Mrs. Leslie Pellegrino, Mrs. Amanda Baugher, and Mrs. Melissa Rollison, from FCPS and the SC&H team to be included in that closed meeting discussion as invited guests.

FCG/FCC/FCPS Network Security – Mrs. Reaver said at this time, the FCG Network Security Audit and the FCC Network Security Audit are drafted and management responses are being gathered by the audit team. She said they are planned for a vote next month at the June meeting. Mrs. Reaver said the FCPS Network Security Audit has not been fully drafted yet and there are a few open items that we're working with the IIT team on.

FCG Fixed Asset Inventories, Accountability & Surplus – Mrs. Reaver said this audit has been kicked off into the testing phase and SC&H is currently working with different FCG departments for sample testing. SC&H confirmed that update.

Special Projects and Other Work:

DFRS Cost Analysis/Staffing Mix – Mrs. Reaver said she has not received a draft report from the external contractor and budget department. She said they are expecting to have it at the end of May.

Follow Ups:

- FCG CIP – Mrs. Reaver said she is waiting on the updated draft policies and procedures, which are with the County Attorney's Office.
- FCPS PII – Mrs. Reaver said FCPS is in need of working up a system-wide draft policy. She said they will look to see what kind of tools or resources they could pool to move that along. Mrs. Pellegrino, FCPS, confirmed that they are looking at possibly using the same resource that the County used to help with drafting the policies. She said it's cross departmental in nature, so they want to find someone that can help coordinate all those efforts.
- FCG PII – Mrs. Reaver said the County has drafted their policy and it was sent out to all division directors for comment. She said she hopes to have a final draft within the next month.

Fraud Hotline

FCG – None to report.

FCC – None to report.

FCPS – None to report.

Other Business

Audit Manual – Mrs. Reaver said she and Mrs. Reed have completed the Internal Audit, audit manual updates, however, it did not get it in the packet for review. She said Mrs. Reed will be sending it out after the meeting today and the IIAA can review and vote at the June meeting. Mrs. Reaver said she wasn't sure if a vote was necessary, but the audit manual does get posted to the website, so she will leave that decision up to the IIAA. She requested to turn on track changes for the IIAA's edits or comments.

Mrs. Reaver said that we have not received any letters of interest for our second open seat that will be available beginning July 1, 2021. The IIAA discussed and agreed to reach out to past IIAA members to see if they would be interested in serving again. Mrs. Reaver said she would reach out to a couple local CPA firm partners that she knows.

The IIAA discussed the meeting dates for the summer and it was decided that the July meeting may need to be changed. Mrs. Dawn Reed will gather preferences and follow up.

At 8:32 a.m., Mr. Steve Darr made a motion to go into a closed session in accordance with Maryland Annotated Code Government Article §3-305 (b)(1) “To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals.” With a topic of discussion to be Frederick County Public Schools Timesheet Controls. This motion was seconded by Mr. Tom Lynch. All present voted in favor (Steve McKay absent). The motion passes.

At 9:40 a.m., Mr. Steve Darr ended the closed session and adjourned the May 19, 2021 meeting, seconded by Mr. Tom Lynch. All present voted in favor (Steve McKay absent). The motion passes.

Respectfully Submitted,



Dawn Reed
Coordinator, Internal Audit