

**INTERAGENCY INTERNAL AUDIT AUTHORITY  
OPEN SESSION MINUTES  
JULY 14, 2021**

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

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

IA Staff: Tricia Reaver, Dawn Reed

FCC Staff: Cathy Perry-Jones and Amy Stakes

FCPS Staff: Amanda Baugher and Melissa Rollison

FCG Staff: Lori Depies and Melanie Thom

Contractors:

SC&H: Ed Mikhail, Sam Fitzgerald, and Anthony DiGiulian

CLA: Sean Walker, Cheri Amoss, and Jonathan Griffin

SB & Company: Bill Seymour

Mr. Jon Alexander, Chair, called the virtual IIAA open meeting of July 14, 2021, to order at 8:01 a.m.

Approval of Agenda – July 14, 2021

**Mr. Tom Lynch made a motion to accept and approve the agenda for the July 14, 2021 meeting as presented, seconded by Ms. Nicole Prorock. All present voted in favor (Shaun Jones and Sue Johnson absent). The motion passes.**

Approval of Open Meeting Minutes – June 16, 2021

**Mr. Tom Lynch made a motion to approve the open meeting minutes of June 16, 2021, seconded by Ms. Nicole Prorock. All present voted in favor (Shaun Jones and Sue Johnson absent). The motion passes.**

Status of Assignments

CLA:

FCG Receipts Transactions – Mrs. Reaver said that field work is wrapping up; just a few final sample items received from Treasury and CLA is working on that. Cheri Amoss, CLA, confirmed.

FCG/FCC/FCPS Financial Transactions – Mrs. Reaver said the FCG Financial Transactions is in process and reminded everyone that this one was pushed back with everything going on with the FCG COVID Grant Monitoring. Mrs. Reaver said the FCPS Financial Transactions report has been drafted and is included in the packet for a vote. She said when the report is finalized, the employee names are going to be redacted and will have only the employee ID.

**Mr. Tom Lynch made a motion to accept and approve Report # 22-01, Frederick County Public Schools Financial Transactions Audit and to make a public document once the employee names have been redacted, seconded by Mrs. Nicole Prorock. All those present voted in favor (Shaun Jones absent). The motion passes.**

Mrs. Reaver said the FCC Financial Transactions report has also been drafted, however, there are some items that CLA is still working with FCC to obtain and then go over the draft with FCC. Jonathan Griffin, CLA, confirmed and said once they receive that information, they will be able to wrap it up very quickly. He also said he thinks they are going to be okay in terms of budgeting, as he hopes to make the time up with the FCG report as they gain efficiencies with that aspect and when all three reports are put together, the budget should be combined and within limits.

FCG Hotel Rental Tax – Mrs. Reaver said this audit is legislatively required to perform every four years and is in process. She said all work with the tourism council and their new director has been completed. Cheri Amoss, CLA, said working with the hotels can be slow as so many different hotels are being managed differently because some of them are small motels, like mom and pop shops, then others are corporate. She also said that several had a change in management during the audit period, so they have to go back to the previous management company to try to get the information. Mr. Steve McKay asked for comment on how it's going and whether there's any issues in terms of executing on surveying the human trafficking training component of this audit. Cheri Amoss said everything is going smoothly with the human trafficking piece. She said there is a portion for the hotels to respond with the information and working with the FCG human relations department is going well.

FCPS Classical Charter Schools – Mrs. Reaver said the task order has been approved and signed by all parties and work is ready to commence. She said we'll be setting up initial meetings with CLA and FCPS in the next week or so.

#### SC&H:

FCPS Network Security – Mrs. Reaver said the next few audits are the network security audits. She said we have a meeting today at 2:00 p.m. on the FCPS audit to go over observations and recommendations with FCPS to start the final drafting process, we expect final draft for the September meeting. Mr. Anthony DiGiulian, SC&H, confirmed. Mr. Jon Alexander asked if there was anything there that might pique the interest of the eye in terms of what they are seeing? Mr. Sam Fitzgerald, SC&H, said some of the items are what we saw throughout the county, which is documented policies and procedures. He said that's not to say that they do not perform the action, but it is not documented in a thorough manner. Mr. Alexander asked about the budget on the audit. Mr. DiGiulian said that pending feedback from FCPS today, and if there isn't additional support needed for test-work from today's meeting, we should be fine.

FCG Fixed Asset Inventories, Accountability & Surplus – Mrs. Reaver said this audit is in process but there is one division that we're waiting to meet with. She said the hold is due to the contact employee being out on medical leave. Mr. Ed Mikhail, SC&H, confirmed and mentioned that budget wise, we're very healthy as they have about 50% of the budget remaining. He said we're hoping, other than the one mentioned division, to complete all other fieldwork procedures this month and start working towards validating and finishing the report.

#### Special Projects and Other Work:

##### Potential new work:

Mrs. Reaver said she wanted to discuss the next items for audit on the risk assessment with the IIAA. She said the next audit would be with the County and would be with the Procurement and Contracting Department, however, as we know from the follow-up, the policies and procedures are still not finalized. Mrs. Reaver said she spoke with the County Attorney on July 6<sup>th</sup> and at that point, they were still not finalized. She said she would like for them to be updated and in place before we conducted that audit.

Mrs. Reaver said the next item would be the County's pension and retirement calculations, but SB & Company did perform procedures surrounding that area and we should see what comes of their testwork during the annual financial audit.

Mrs. Reaver said, next, would be DFRS overtime staffing and logistics. She said the County's Budget Division had worked with DFRS and utilized a third party contractor called Emergency Services Consulting International, to go over future planning and financial needs as an assessment to the County and DFRS. Mrs. Reaver said she is reviewing that draft report right now. She said she would be looking for more detailed information such as actual call volume, wait and fail sheets, etc. She said she would like to finish reviewing the report, discuss some things further with DFRS and Budget to see what the thought process is and how to move forward with a task order.

Mrs. Reaver said, with that being said, the next item on our list has been appearing for a couple years is an audit on the County's new ERP system, which is our Infor System. She said it has been up and running for a couple years now and one of the things that as a good internal audit system would do is to test any new systems such as an ERP system to ensure

that our internal controls are well created and working within that system for the entity. Mr. Alexander asked from what perspective would that be conducted? From inherent operations or functionality of the ERP, or would it be looking at systemic controls? Mrs. Reaver said there's a couple pieces to it. She said the main thing is making sure that our key controls are being captured and well-maintained through the system.

DFRS staffing and operations analysis special project:

As Mrs. Reaver mentioned before, she is reviewing the 60-page draft document and is tying the information to past follow-ups documents internal audit has on file. Mrs. Reaver said the risk here has been the overage of overtime and figuring out how to be a more cost effective division.

#### Follow Ups:

- FCG CIP – Mrs. Reaver said she is waiting on the updated policies and procedures on procurement and contracting, which is still in process per the County Attorney's Office on July 6<sup>th</sup>.
- FCPS PII – Mrs. Reaver said they are working on their policies and procedures and she will be staying in touch with them on that update.
- FCG PII – Mrs. Reaver said all division directors have reviewed the draft and we are waiting on finalization.
- FCG Ambulance Billing – Mrs. Reaver said she spoke with Shirl Ollie and they still have not had any meetings. She said they will be getting back to us with a plan, now that the County is starting to open.
- FCG CCRC/Montevue – Mrs. Reaver said there are very minor open items here and expects them to be resolved in October.
- FCC Procurement & Contracting – Mrs. Reaver said there is just one minor open item that is expected to be resolved by the end of September.

#### Risk Assessments

Mrs. Reaver wanted to inform the IIAA that we will be kicking off risk assessment meetings. She said she will have Mrs. Dawn Reed start scheduling those for September/October timeframe, which worked out well last year, then we can work on drafting the risk assessments by Spring of 2022.

#### Fraud Hotline

FCG – Mrs. Reaver said something came in after the packet was sent out, which is an employee matter and needs to be discussed in a closed session.

FCC – None to report.

FCPS – None to report.

#### Other Business

IIAA Membership - Mrs. Reaver said we still have an open seat, which is Steve Darr's seat. She said she has not heard back from her contacts at some of the local firms and have not had anyone respond to the ads. Mrs. Reaver said she thinks we may have to put another ad in the paper now that we are in the next fiscal year and that cost can be absorbed into our FY22 budget.

IIAA Meetings - Mrs. Reaver said the County sent out an email regarding opening back up for business. She said by September 1, 2021, they expect that all boards and commissions can begin to meet live again in Winchester Hall. Mrs. Reaver said the plan is that our September 15<sup>th</sup> meeting will be in Winchester Hall in the 2<sup>nd</sup> floor Winchester Conference Room, which is where we held it previously. She also wanted to discuss the plan for the August meeting, to have one or take a break for the month of August as we historically have. The IIAA agreed that there would not be an August meeting and to meet live for the September 15, 2021 meeting.

At 8:48 a.m., the IIAA voted to go end the open session and go into a closed session according to the 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." The topic for this closed session is to discuss a Frederick County Government Hotline Issue.

**Mr. Tom Lynch made a motion to end the open session and enter into a closed session according to the code stated by the IIAA Chair, Mr. Jon Alexander, seconded by Mrs. Sue Johnson. All those present voted in favor. The motion passes.**

**At 9:06 a.m., Mr. Tom Lynch made a motion to end the closed session and adjourn the July 14, 2021 IIAA meeting, seconded by Mrs. Nicole Prorock. All those present voted in favor. The motion passes.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Dawn Reed". The signature is written in a cursive style with a large, stylized "R".

Dawn Reed  
Coordinator, Internal Audit