

**INTERAGENCY INTERNAL AUDIT AUTHORITY
OPEN SESSION MINUTES
MARCH 16, 2022**

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, Steve McKay, Dr. April Miller, and Sue Johnson

IA Staff: Tricia Reaver and Dawn Reed

FCC Staff: Amy Stakes

FCPS Staff: Amanda Baugher and Melissa Rollison

FCG Staff: Lori Depies, Erin White, Dan Lewis, Melanie Thom, Diane Fouche, Justin Hedges, and Bruce Johnson

Contractors:

SC&H: Matt Simons and Sam Fitzgerald

CLA: Sean Walker, Cheri Amoss, and Lauren Bradford

SB & Company: William Seymour and Chris Lehman (late arrival, at end of meeting)

Approval of Agenda – March 16, 2022

Mrs. Sue Johnson made a motion to accept and approve the agenda for March 16, 2022, seconded by Dr. April Miller. All those present voted in favor. (Mr. Shaun Jones absent). The motion passes.

Approval of Open Meeting Minutes – February 16, 2022

Mrs. Sue Johnson made a motion to accept and approve the IIAA open meeting minutes of February 16, 2022, as submitted, seconded by Dr. April Miller. All those present voted in favor with Mrs. Nicole Prorock abstaining (Mr. Shaun Jones absent). The motion passes.

Status of Assignments

CLA:

FCG Receipts Transactions – Mrs. Reaver said the report is in final draft form and ready for review and approval by the IIAA.

Mr. Jon Alexander made a motion to accept, approve, and issue as a public document, Audit Report #20-04, Frederick County Government Receipts Transactions, seconded by Dr. April Miller. All those present voted in favor (Mr. Shaun Jones absent). The motion passes.

FCG Hotel Rental Tax – Mrs. Reaver said, as discussed last month, one hotel was completely unresponsive, and that will need to be a finding in the report. Mrs. Reaver noted that Mrs. Cheri Amoss, and her team have been working on completing a few items and then they will move onto drafting the report. Mrs. Amoss confirmed, saying there are two hotels they are trying to wrap up and then they will start drafting the report, which should move quickly at that point.

FCPS Classical Charter Schools (FCCS) – Mrs. Reaver said she has received an updated draft from CLA and has sent follow up questions back to Mr. Sean Walker. She said that she is scheduled to meet with Mr. Walker on Friday to go over those follow up questions and hopefully a draft for review and approval will be available for the April meeting. Mr. Sean Walker confirmed.

SC&H:

FCG ERP System (INFOR) Internal Control Review – Mrs. Reaver said, as discussed last month, we are putting a hold on this audit because of the information that was found within the Finance Division, the Procurement and Contracting Department, and with our IIT Division. Mrs. Reaver noted that these Divisions have documented their own findings and recommendations along with the assistance of the third-party contractor utilized by Procurement and Contracting. Mrs. Reaver said it was not necessary to spend funds to do the same work already performed by the divisions and contractor. She said SC&H concluded the same and has issued a memorandum which is included in the packet for a vote.

Mr. Jon Alexander made a motion to accept, approve, and issue as a public document, Memorandum #22-02, Frederick County Government ERP System (Infor) Internal Control Review, seconded by Mr. Steve McKay. All those present voted in favor (Mr. Shaun Jones absent). The motion passes.

FCC Asset Inventories, Accountability and Surplus – Mrs. Reaver said we are in the planning phase of this audit, interviewing different owners of the areas within assets and inventories . She said we have a couple more planning phase interviews scheduled and from that point, SC&H will begin putting together flowcharts. Mr. Matt Simons agreed, stating they are happy with the progress and looking forward to concluding the planning phase.

Special Projects and Other Work:

FCPS School Activity Funds – Mrs. Reaver said she and Mrs. Dawn Reed have finished their testing of all the high schools and she is now working to finish the open items. She said she will start to schedule the middle and elementary schools next, which shouldn't take as much time as their school activity funds are not as extensive as the high schools.

Follow Ups:

Mrs. Reaver noted that the follow ups have remained on the status narrative from previous meetings noting their pending timelines. Mrs. Reaver noted that she added the incident response and disaster recovery audit from the County. We are expecting a response for that later this week. Mrs. Reaver pointed the IIAA to review the listing and if there are any questions, they can reach out to her.

Fraud Hotline

FCPS – Mrs. Reaver said one complaint came in that is with Administration for their review and then we can open for discussions if the matter warrants IIAA involvement.

FCC – Mrs. Reaver said they had none.

FCG – Mrs. Reaver said the County had two items come in. The first item is a discussion of non-County agency funding. Mrs. Reaver noted that some non-County agencies are budgeted for funding each year and that these funds have never been audited. She said she will be looking into some of the funding lines on the schedule and determining what background data we have. Mrs. Reaver noted that dependent upon the response on background information, she may issue a task order to have one of our contractors audit non-County agency funding.

Mrs. Reaver said the next item that came into the County is an audit of the County fuel contract. She noted that Procurement and Contracting has reached out with valid questions regarding contractor fuel billing. Mrs. Reaver said she is working on a task order and has reached out to SC&H as they have a contract specialist audit team for this type of work. She said once that task order is ready, she will send it out for review and vote of approval through email.

Other Business

Risk Assessments – Mrs. Reaver said the FCG risk assessment has been updated and is included in the packet for any discussion and a vote. The IIAA discussed a few placement changes and additions before all agreed to approve the FCG risk assessment with minor edits.

Mr. Jon Alexander made a motion to accept and approve with the minor edits discussed, the Frederick County Government Risk Assessment, seconded by Dr. April Miller. All those present voted in favor (Mr. Shaun Jones absent). The motion passes.

Mr. Reaver said she did make some updates on the FCPS risk assessment and emailed that out separately to all members for their review. She noted that school construction capital projects has risen to the top of the assessment and will be drafting that task order soon . The IIAA discussed the risk assessment document and agreed to approve the FCPS risk assessment with minor edits.

Mr. Steve McKay made a motion to accept and approve with the minor edits discusses, the Frederick County Public Schools Risk Assessment, seconded by Mrs. Sue Johnson. All those present voted in favor (Mr. Shaun Jones absent). The motion passes.

Mrs. Reaver said in summary, the next group of task orders will be the FCG fuel contract, FCPS school construction, FCG pension, and FCG non-County agency funds (if determined necessary).

IIAA Membership - Mrs. Reaver said we still have an opening for Mr. Steve Darr's open seat, and we will also have Mr. Jon Alexander's seat coming open June 30, 2022, as he is fulfilling the unexpired term of Mr. Wu. She said Mrs. Joyce Grossnickle is still advertising on the County's webpage and in the Frederick News Post. Mr. Jon Alexander expressed his intentions to continue to volunteer and will submit his letter of interest and resume to Mrs. Dawn Reed.

IIAA Meetings - Mrs. Reaver said the County is opening April 4, 2022, and therefore our scheduled April 20th meeting will be a hybrid approach of both live in-person attendance and virtual Teams attendance. She is leaving it up to each individual to decide how they attend and noted that moving forward she plans to keep this hybrid approach unless she is advised otherwise.

At 8:58 a.m., Mrs. Nicole Prorock ended and adjourned the March 16, 2022, IAA meeting.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Dawn Reed", with a stylized flourish above the name.

Dawn Reed
Coordinator, Internal Audit