

**INTERAGENCY INTERNAL AUDIT AUTHORITY
OPEN SESSION MINUTES
JULY 25, 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: None

FCPS Staff: Melissa Rollison and Amanda Baugher

FCG Staff: Lori Depies, Erin White, and Dan Lewis

Contractors:

SC&H: Matt Simons, Sam Fitzgerald, and Charles Ward

CLA: Sean Walker and Cheri Amoss

SB & Company: Chris Lehman

Public Guests:

Emeka Enworom

Chair Jon Alexander called the meeting to order at 8:02am.

Mrs. Reaver introduced Mr. Emeka Enworom as a guest to our meeting. She said Mr. Enworom was interviewed for the open public member seat and the IIAA will be voting on his nomination to forward to the County Council later in this meeting as it is on our agenda.

Approval of Agenda – September 21, 2022

Dr. April Miller made a motion to accept and approve the agenda for September 21, 2022, seconded by Mrs. Sue Johnson. All those present voted in favor (Steve McKay absent). The motion passes.

Approval of Open Meeting Minutes – July 25, 2022

Mrs. Sue Johnson made a motion to accept and approve the IIAA open meeting minutes of July 25, 2022, as submitted, seconded by Mrs. Nicole Prorock. All those present voted in favor (Steve McKay absent). The motion passes.

Status of Assignments

CLA:

FCG Pension Plan – Mrs. Reaver said the test work has been completed with only a few open questions which CLA is working to resolve those questions and drafting the report. Mr. Sean Walker, CLA, confirmed.

SC&H:

FCC Fixed Assets and Inventories, Accountability and Surplus – Mrs. Reaver said test work is being completed and we're starting to schedule some of the exit meetings. She said they are gathering the last few items that were outstanding and drafting the report. Mr. Matt Simons, SC&H, confirmed stating they are excited to be wrapping up this audit and said they have two validation meetings already scheduled. He said a draft report should be to Tricia next week.

Mrs. Reaver wanted everyone to be aware that they did have some holdbacks mainly due to the timing of the beginning of the new school year and classes starting. She said we especially could not get in with the bookstore because they were busy getting books out to the students before classes began. She said there will be some recommendations surrounding operations and IT assets, however, the bookstore, according to SC&H, looks to be in good order. Dr. April Miller added that FCC is also in transition period between our interim President and our President.

FCG Fuel Contractor – Mrs. Reaver said SC&H has completed their work and they did find that the contractor has over billed the County at times. She said that as of March 2022, the County has been recalculating the billings and only paying that amount to the vendor, rather than the what the vendor was invoicing. Mrs. Reaver said SC&H tested those figures and agreed 100% with the County's calculation of the bills. She said the vendor has not reached out to the County to question why the full amount of the invoice was not paid. Mrs. Reaver said we decided to meet with team members from Fleet, Procurement & Contracting, Finance, the County Attorney to determine the next steps. She said we decided to look back and gather the total billings to this vendor from the start of their contract, which was January of 2017. Mrs. Reaver said we do have another vendor with a new contract that went out this year and we're using them until everything is figured out with the vendor in question. Mrs. Reaver is looking to have a draft report coming in October and as soon as she receives it, she will forward it to the IIAA for their review before the packet is sent out.

FCPS School Construction – Mrs. Reaver said the planning phase is wrapped up and the flow charts are being reviewed along with the audit plan, then we will move into the testing phase. She noted that the FCPS teams have been great to work with as we all are learning the full-on process from start to finish. She also noted that most of the planning phase has been understanding the system and the process so that we can put together flow charts and get into testing actual contracts and change orders.

FCG Health Department Permitting – Mrs. Reaver said the County Health Permitting is a project that was requested by the Health Department as they received grant funds to perform the audit work. She said we're going to be invoicing the Health Department for this work. Mrs. Reaver said we're collecting information at this time to put together the planning phase meetings and introduction meetings which should start to be scheduled in the next week or two.

Special Projects and Other Work:

FCPS School Activity Funds – Mrs. Reaver said that she and Mrs. Dawn Reed have been busy with the testing review of the FCPS school activity funds. She said we are testing the second half of the fiscal year 2022 (January through June 2022). Mrs. Reaver said that there are ten (10) schools, and we expect to be finished by the end of October.

FCG Non-County Agency Review – Mrs. Reaver said this review has been put on hold due to the contact at the city being out on maternity leave. She said in the meantime, she has drafted a memorandum and has shared with the CAO's office so they can review and comment anything they feel should be added to the recommendations to the County on how we should handle the funding and follow up with the funding in the future as well.

Mrs. Reaver discussed upcoming task orders. She said FCPS Assets and Inventories will be the next item as FCPS will be moving their IT group to a new sensitive assets software system and we want to be able to test that before we have any loss of data from the old system. She said the idea here is to get the task order out and approved in December and then start the audit work in January or February. Mrs. Reaver said that SC&H already has the programs together for this audit as they previously performed this audit at FCG and FCC.

Mrs. Reaver said the next task for the County will be a grants audit. She said this has been a hotline issue as well recently. Mrs. Reaver said federal grants are tested through the external audit every year during the federal single audit. The idea for this audit would be to look at a sampling of divisions and departments that have grants that aren't necessarily getting tested as a major program during the single audit.

Follow Ups:

Mrs. Reaver said she again listed all the miscellaneous follow ups. She said the oldest one is the Capital Projects, which is starting to come to an end as the new policies and procedures for procurement and contracting did go to the Council on September 6th and will hopefully be finalized soon. Mrs. Reaver said she does not have any major concerns on the other follow ups listed but does have notes if anyone has any questions on any of the follow ups. She is hoping that some of these do close out in the next couple of months.

Fraud Hotline

FCPS – Mrs. Reaver said they had none.

FCC – Mrs. Reaver said they had none.

FCG – Mrs. Reaver said one came through and will be discussed in a closed session as it pertains to personnel matters.

Other Business

Internal Audit Annual Report – Mrs. Reaver said the annual report is included in the packet and is ready for a vote by the IIAA. She noted that this report will be posted on our website.

Mr. Steve McKay made a motion to accept and approve with minor grammatical and punctuation edits, the Internal Audit Division's Annual Report and post to the website as a public document, seconded by Mrs. Sue Johnson. All those present voted in favor. The motion passes.

Update to Annual Contracts – Mrs. Reaver said the IIAA will need to vote on our option to extend our current contracts for SC&H and CLA by one year and we do have to vote on them separately. She said they both have two (2) more years remaining on their contract, which the full contract would go through December 31, 2024. Mrs. Reaver said in that year (2024) we will start the process of an RFP probably around March.

Mr. Steve McKay made a motion to exercise the option and approve SC&H for a one-year extension as stated in their current contract, to be effective January 1, 2023, through December 31, 2023, seconded by Mrs. Nicole Prorock. All those present voted in favor. The motion passes.

Mr. Steve McKay made a motion to exercise the option and approve CLA for a one-year extension as stated in their current contract, to be effective January 1, 2023, through December 31, 2023, seconded by Dr. April Miller. All those present voted in favor. The motion passes.

Member Terms and Open Seat – Mr. Jon Alexander formally introduced Mr. Emeka Enworom to the IIAA and others present virtually at the meeting. He said his letter of interest and resume are in the packet and ready for the IIAA to vote on his nomination to the Authority and forward to the County Council for their confirmation. The IIAA agreed that Mr. Enworom will make a great additional asset to the IIAA.

Mrs. Sue Johnson made a motion to accept Mr. Emeka Enworom's letter of interest and to nominate him to serve on the IIAA as a public member and to forward to the County Council for their confirmation, seconded by Mrs. Nicole Prorock. All those present voted in favor. The motion passes.

Risk Assessment Meetings – Mrs. Reaver said the risk assessments are being scheduled for the month of October and November for the County and then we will move onto scheduling FCC and FCPS. She said she is looking to finalize documents in February or March, just as with the previous year.

IIAA Meeting Format – Mrs. Reaver said we will continue with our current meeting format and any IIAA members that wish to come into Winchester Hall to join us, may do so. She said our next meeting is scheduled for October 19, 2022.

At 9:02am, Mr. Jon Alexander, IIAA Chair stated that the IIAA will now 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.” The topic being a Frederick County Government Hotline Issue.

Mrs. Sue Johnson made this motion, seconded by Mr. Steve McKay. All those present voted in favor. The motion passes.

At 9:02 a.m., Mr. Jon Alexander ended the open session and opened a closed session of the September 21, 2022, IIAA meeting.

At 9:25am, Mr. Jon Alexander ended the closed session and adjourned the September 21, 2022, IIAA meeting.

Respectfully Submitted,



Dawn Reed
Coordinator, Internal Audit