



INTEROFFICE MEMORANDUM


Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia
Deputy Auditor-Controller

Megan Marks
Deputy Treasurer-Tax Collector

DATE: August 6, 2021
TO: Audit Committee Members
FROM: Supervisor Nathan Magsig, Audit Committee Chairman
SUBJECT: Audit Committee Meeting


8/6/21

This will confirm the next Audit Committee meeting scheduled on **August 13, 2021 at 10:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

SPECIAL NOTICE REGARDING PUBLIC PARTICIPATION DUE TO COVID-19

Due to the Social Distance Guidelines issued by Federal, State and Local Authorities, any members of the Audit Committee may participate from a remote location by teleconference via Cisco Webex. Participants, including public members, can participate with the login or call-in credential and instructions below. Cisco Webex is required for online participants. Public members may comment during designated public member sessions by raising their hands. In order to avoid disruptions, please press mute and wait to be called upon before commenting.

Participate by Email Invitation:

Click on the Join Meeting icon. When the webpage is loaded, click on the Join Meeting icon. Comments can be made by clicking on the profile icon and then the raise hand icon by the caller ID. Click on the unmute icon to unmute and click again to mute after each comment. A phone option may also be utilized for audio by pressing the option icon, select the Call Me option, and enter your phone number.

Participate via Online Link:

Click on the link below and enter the following information when prompted.

<https://tinyurl.com/pmmcv47j>

Meeting number (access code): 146 497 5315

Meeting password: qMDFs9fRR27

Click on the Join Meeting icon to join. Comments can be made by clicking on the profile icon and then the raise hand icon by the caller ID. Click on the unmute icon to unmute and click

again to mute after each comment. A phone option may also be utilized for audio by pressing the option icon, select the Call Me option, and enter your phone number.

Participate via Phone:

Call the phone number below and follow the prompts. Enter the access code when prompted. Comments can be made by pressing *9.

1-855-282-6330 United States Toll Free
Access Code: 146 497 5315

To ensure meaningful access under The American Disabilities Act, Title II, the County will reasonably modify policies or procedures and provide auxiliary aids or services to persons with disabilities. If, as an attendee or participant at the meeting you will need additional accommodations, please contact Jerry Moreno at (559) 600-1370 or jemoreno@fresnocountyca.gov as soon as possible during office hours. Reasonable timely requests will be accommodated to the extent reasonably feasible.

AGENDA

1) Pledge of Allegiance

2) Approve Agenda

3) Public Presentations

This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.

4) Discussion Regarding the Appointment of Members to the Audit Committee

- a. CAO Appointment of Kari Gilbert, Director of Child Support Services as Audit Committee Department Heads Council Member
- b. Invitation to interested individuals to apply for the Public Member vacancy at <https://bosbcc.co.fresno.ca.us/>

5) Approval of May 14, 2021 Audit Committee Meeting Minutes

6) Agenda Items

Consent Items

- a. Approve Quarterly Fraud Report covering April 1, 2021 to June 30, 2021.

Discussion and Action Items

- b. Review and approve the County Clerk and Registrar of Voters Department Head Transition Report.
- c. Review and approve the Human Resources Department Head Transition Report.

7) Staff Updates

8) Adjournment

JM

Enclosures

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman

Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman

Supervisor Sal Quintero

Jean Rousseau, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Vacant, Public Member

**County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
May 14, 2021 – 8:30 a.m.**

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
 Daniel Cederborg, County Counsel, Audit Committee Vice-Chairman
 Supervisor Sal Quintero, Board of Supervisors Member
 Greg Reinke, County Administrative Officer's Proxy
 Manuel Vilanova, Public Member

Pursuant to California Governor Gavin Newsom's Executive Order, N-25-20 on March 12, 2020, relating to the convening of public meetings in light of the COVID-19 pandemic, Supervisor Quintero, attended the meeting via teleconference and participated in the meeting to the same extent as if he was present.

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on May 14, 2021 at 8:32 a.m. in the Board of Supervisors' Chambers.

1. Pledge of Allegiance

- Chairman Magsig lead all in attendance with the Pledge of Allegiance.

2. Approve Agenda

- A motion was made by Vice-Chairman Cederborg, seconded by Greg Reinke, and carried 5-0 to approve the December 14, 2021 agenda.

3. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

4. Approval of January 15, 2021 Audit Committee Meeting Minutes

- A motion was made by Vice-Chairman Cederborg, seconded by Supervisor Quintero, and carried 5-0 to approve the January 15, 2021 Audit Committee Meeting Minutes.

5. Agenda Items

Consent Items

a) Approve Quarterly Fraud Report covering January 1, 2021 to March 31, 2021

- A motion was made by Vice-Chairman Cederborg, seconded by Supervisor Quintero, and carried 5-0 to approve Agenda Item 5a.

Discussion and Action Items

b) Review and receive the Restated 2019-2020 County of Fresno Comprehensive Annual Financial Report.

- Oscar Garcia, Auditor-Controller/Treasurer-Tax Collector, presented the item and Eric Xen, Engagement Partner, Brown Armstrong Accountancy Corporation, commented on the item.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Vice-Chairman Cederborg, and carried 5-0 to receive and approve Agenda Item 5b.

c) Review and receive the County of Fresno, California, Grants Funded by the State of California Office of Emergency Services (Cal OES) Audited Financial Schedules for the Year Ended June 30, 2020.

- Karen Saldana Accounting and Financial Manager, FR&A, introduced the item, and Eric Xen, Engagement Partner, Brown Armstrong Accountancy Corporation, presented the item.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Greg Reinke, and carried 5-0 to accept Agenda Item 5c.

d) Review and approve the Proposed Audit Plan for fiscal year 2021-22

- Oscar Garcia, Auditor-Controller/Treasurer-Tax Collector, introduced and presented the item.
- There being no public comments, a motion was made by Supervisor Quintero, seconded by Vice-Chairman Cederborg, and carried 5-0 to approve Agenda Item 5d.

6. Staff Updates

- Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, stated that for 2020-2021 County of Fresno Comprehensive Annual Financial Report will include more resources in the General Fund, due to the conversion of some Special Revenue Funds into the General Fund. The cash being transferred into the General Fund will be restricted cash.
- Chairman Magsig stated that the Committee is short one member that needs to be appointed by the CAO. Oscar Garcia informed the Committee that one of the public members did not reapply, and the Board of Supervisors will need to appoint an individual to fill that vacancy.

7. Adjournment

- A motion was made by Vice-Chairman Cederborg, seconded by Supervisor Quintero, and was carried 5-0 to adjourn the meeting at 8:57 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman
Supervisor Sal Quintero
Jean Rousseau, County Administrative Officer
Manuel Vilanova, Public Member



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended June 30, 2021

Director: Oscar J. Garcia, CPA
Interim Accounting & Financial Manager: Karoll Diaz
Hotline Staff: Jerry Moreno



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: August 13, 2021

TO: Audit Committee Members

FROM:  Oscar J. Garcia, CPA - Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended June 30, 2021

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of April 1, 2021 through June 30, 2021.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Karoll Diaz, Interim Accounting & Financial Division Manager at (559) 600-1799 or Jerry Moreno, Accountant at (559) 600-1370 if we can be of any assistance.

Attachments

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2021

Below is the County of Fresno Fraud Hotline activity for the period of April 1, 2021 through June 30, 2021.

1. Statistical Summary

The Financial Reporting and Audits Division received 46 Hotline allegations, complaints or other contacts during the reporting period. Of these reports, 37 were made anonymously while 9 reports were made by individuals who identified themselves. The Hotline received 29 reports via telephone, 17 by email, and none by letter. These reports are categorized in Table 1.

| Table 1 Statistical Summary | |
|-------------------------------------|-----------|
| Actionable Items | 4 |
| Referred Items | 32 |
| Non-Actionable Items | 10 |
| Total Allegations/Complaints | 46 |

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e. vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2021

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

| Table 2 Types of New Allegations/Complaints | |
|--|-----------|
| Actionable – County: | 1 |
| Management Improprieties | 1 |
| Actionable – Non-County: | 3 |
| Forged/Altered Check | 3 |
| ACH Fraud | 0 |
| Referral – County: | 20 |
| Welfare Fraud | 10 |
| County - Other | 10 |
| Referral – Non-County: | 12 |
| Various | 12 |
| Non-Actionable Items: | 10 |
| Not enough information | 10 |
| Total | 46 |

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2021

3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was 1 closed investigation by the County of Fresno Fraud Hotline. (See summary below)

| Table 3 | | | | | | |
|-----------------------------|----------------------|-----|--------|------------------------|-----------------|----------|
| Status of Complaints | | | | | | |
| Actionable Calls | Investigation | | | Closed Findings | | |
| | Ongoing | New | Closed | Substantiated | Unsubstantiated | Referral |
| Management | | | | | | |
| Employee | | 1 | 1 | | 1 | |
| Client | | | | | | |
| Unknown | | | | | | |
| Total | | 1 | 1 | | 1 | |



County of Fresno

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

July 30, 2021

James Kus
Department of County Clerk Elections
2220 Tulare Street, 1st Floor
Fresno, CA 93721

RE: Department of County Clerk Elections Transition Report

Dear Mr. Kus,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Department of County Clerk Elections (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

The transition report included accounting for cash, capital assets, and inventorable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming/interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.
4. Check the departing Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming Department Head's first paycheck for accuracy and appropriateness.

6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both the departing and the incoming Department Heads.

Results:

Finding 1 – Asset Management

A total of thirty-four assets were tested during this process, which included ten inventoriable assets and twenty-four capital assets, that were selected on a random basis. During our testing, two of the ten selected inventoriable assets were not able to be located at the time of testing. Upon further searching by the County Clerk office neither of the two items were able to be located at any of the three County Clerk locations.

Recommendation 1

We recommend that the Department examine their inventoriable and capital assets procedures to ensure that assets are tracked and monitored carefully. All assets' listings should be kept organized and easily accessible.

Finding 2 – Compliance

Per Management Directive 418, a Department Head upon leaving office "shall certify to, as required by Section 24051 of the Government Code, County property in his/her charge as of the last day of his/her term. The assets reported shall be those assets from the Asset Management System and the department's Inventoriable Assets." This requirement further explains that both the incoming and outgoing Department Heads are required to sign the certification of inventory. For this transition review, we received the year-end certification, and it was only signed by James Kus assuming incoming Department Head.

Recommendation 2

We recommend that the Department follows Management Directive 418 and require the incoming and outgoing Department Heads to sign and date a certification of inventory as of the final day of service of the outgoing Department Head.

While still matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1799.

Sincerely,

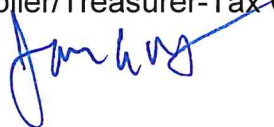


Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



County of Fresno

COUNTY CLERK/REGISTRAR OF VOTERS
JAMES A. KUS

DATE: August 2, 2021
TO: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector
FROM: James A. Kus, Fresno County Clerk 

AC/TTC conducted an audit for the County Clerk/Registrar of Voters Department (Department) in conjunction with the retirement of Brandi Orth. We were presented with the findings on July 30, 2021. We have reviewed the report and concur with all findings and recommendations.

Finding 1: Asset Management

The Department will take the following measures in response to this finding:

- The Department will counsel relevant staff regarding the importance of proper asset controls including with an emphasis on the proper disposal/surplus of inventoriable assets.
- The Department is in the process of developing an internal policy and procedure guide regarding inventory management.

Finding 2: Asset Certification

The Department will take the following measures in response to this finding:

- The Department is now fully aware of the transition requirements and a policy and procedure guide regarding department head transitions is being developed.

The Department has identified the miscommunication that caused Ms. Orth to not complete the Certification of Inventory per Management Directive 418. Written policy and procedures will prevent similar miscommunication affecting future Department Head transitions.



County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

July 20, 2021

Hollis Magill
Department of Human Resources
2220 Tulare Street, 14th Floor
Fresno, CA 93721

RE: Department of Human Resources Transition Report

Dear Ms. Magill,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Department of Human Resources (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

The transition report included accounting for cash, capital assets, and inventoriable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming/interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.
4. Check the departing Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming Department Head's first paycheck for accuracy and appropriateness.

6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both the departing and the incoming Department Heads.

Results:

Finding 1 – Asset Management

Per County of Fresno MD 413.2, specific information for each inventoriable asset must be maintained with each department's inventoriable asset listings. The inventoriable assets list provided as of May 18, 2021 does not include all the required attributes per MD 413.2 for each inventoriable asset. Missing attributes include the acquisition date, cost of the asset, location of the asset or to whom the asset is assigned, disposition date and method of disposition.

Recommendation 1

We recommend that the Department continues to revise their inventoriable assets list to ensure all data is listed for each inventoriable asset, as required in MD 413.2. We further recommend that the Department examines their inventoriable procedures to ensure assets are tracked and monitored carefully. All assets' listings should be kept organized, and easily accessible.

Finding 2 – Compliance

Certain County of Fresno officials and employees are required to complete FCAC-255, a County of Fresno Conflict of Interest Affidavit; Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form A, two of 13 did not fill out the form completely, and for Form 700, one of 13 selected, were not filled out in a timely manner. Also, Certification of Capital and Inventoriable Assets was not signed by both the departing and incoming Department Heads as required by Government Code 24051 and Management Directive 418.

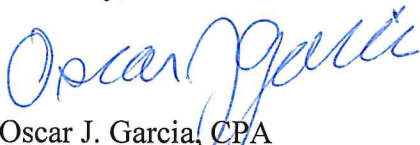
Recommendation 2

We recommend that the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

While still matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1799.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

DATE: August 5, 2021

TO: Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector

FROM: Hollis Magill, Director of Human Resources *Hollis Magill*

SUBJECT: Human Resources Transition Report Responses

Please find the following responses to the Human Resources transition review findings and recommendations made by your office. We appreciate the courtesy extended to Human Resources to review and respond to the findings and recommendations resulting from this review.

Finding 1 – Asset Management

Response: Human Resources agrees with the recommendations regarding asset management. Where possible, we have updated our records to include information that was previously excluded. We have also implemented written procedures and recurring reminders to ensure that inventory records are regularly reviewed for completeness and accuracy.

Finding 2 – Asset Management

Response: Human Resources agrees with the recommendations regarding compliance. We have implemented a checklist to ensure that all forms referenced are completed upon departure of staff. Additionally, forms will be reviewed by two staff members to ensure completeness and accuracy.

Should you have any questions, please do not hesitate to call me at 600-1800.

Thank you.

HM:pb