

**County of Fresno**  
**Auditor-Controller/Treasurer-Tax Collector**  
**Audit Committee Minutes**  
**Board of Supervisors' Chambers**  
**December 8, 2023 – 10:00 a.m.**

MEMBERS PRESENT:

**Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman**  
**Supervisor Nathan Magsig**  
**Paul Nerland, County Administrative Officer**  
**Manuel Vilanova, Public Member**  
**Kulwinder Brar, Public Member**

**Call to Order:** Supervisor Magsig called to order the regular meeting of the Audit Committee (Committee) on December 8, 2023, at 10:00 a.m. in the Board of Supervisors' Chambers.

**1. Roll Call**

- Karoll Diaz, Accounting & Financial Manager, Financial Reporting & Audits Division (FR&A) took roll call.

**2. Pledge of Allegiance**

- Vice-Chairman Cederborg led all in attendance with the Pledge of Allegiance.

**3. Approve Agenda**

- A motion was made by Paul Nerland, seconded by Vice-Chairman Cederborg, and carried 5-0 to approve the December 8, 2023 agenda.

**4. 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.

**5. Appointment of the Audit Committee Chairman and Vice-Chairman for Calendar years 2024 and 2025**

- Supervisor Magsig was appointed as Chairman for calendar years 2024 and 2025.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Paul Nerland, and carried 5-0 to appoint Supervisor Magsig as the new Audit Committee Chairman.
- Chairman Quintero was appointed as Vice-Chairman for calendar years 2024 and 2025.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, second by Kulwinder Brar, and carried 5-0 to appoint Chairman Quintero as the new Audit Committee Vice-Chairman.

**6. Approval of August 11, 2023 Audit Committee Meeting Minutes**

- There being no public comments, a motion was made by Kulwinder Brar, seconded by Manuel Vilanova, and carried 5-0 to approve the August 11, 2023 Audit Committee Meeting Minutes.

## 7. Consent Items

### a) **Approve Quarterly Fraud Report covering July 1, 2023 to September 30, 2023.**

- There being no public comments, a motion was made by Kulwinder Brar, seconded by Paul Nerland, and carried 5-0 to approve agenda item 7a.

## 8. Discussion and Action Items

### a) **Review and approve the Department of Social Services Food and Nutrition Services (FNS-209) Report for the quarter ended June 30, 2023.**

- Karoll Diaz introduced and presented the item.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Kulwinder Brar, and carried 5-0 to approve agenda item 8a.

### b) **Review and approve the Department of Social Services Payroll Compliance Follow-Up Audit for dates in calendar years 2022 and 2023.**

- Karoll Diaz introduced and presented the item.
- Supervisor Magsig inquired about the implementation of the previous audit recommendations, employee training, and the rectification of the over and underpayments noted in the report. Bruna Chavez, Deputy Director, Department of Social Services (DSS), responded that policies and procedures have been updated, and supervisors were provided with a Director's Office Memorandum as a form of training to be distributed to employees.
- Supervisor Magsig inquired about whether the Department followed appropriate federal and state requirements as it relates to the employees' salaries. Bruna Chavez responded yes.
- Supervisor Magsig recommended the Auditor-Controller/Treasurer-Tax Collector's Office conduct an additional payroll audit. Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, mentioned his office would be conducting a DSS payroll audit in fiscal year 2025.
- Vice-Chairman Cederborg inquired about what led to the under and overpayments that were discovered as a result of the audit. Bruna Chavez responded they resulted due to non-matching overtime forms.
- Vice-Chairman Cederborg inquired if the Auditor-Controller/Treasurer-Tax Collector's Office has the capabilities to do a review of the payroll process to reduce unnecessary steps in the process. Bruna Chavez responded the Department is constantly working on reducing unnecessary steps in processes.
- Paul Nerland mentioned the County is launching a Lean Six Sigma program with some Departments, which reviews, identifies, and cuts out deficiencies within departmental procedures.
- Paul Nerland inquired about the three overpayments and four underpayments discovered in the audit, as well as the payroll backlog in the Auditor-Controller/Treasurer-Tax Collector's Office. Karoll Diaz confirmed only three payroll adjustments will be needed. Oscar J. Garcia mentioned there is currently no payroll backlog as they are up to date.
- Paul Nerland inquired about the Department updated payroll policies and procedures. Bruna Chavez stated the overtime policies and procedures have been streamlined.
- Oscar J. Garcia inquired about the assurance that there were additional overpayments and underpayments that were possibly not captured in the audit. Bruna Chavez responded it would require a full payroll review to determine that.
- Supervisor Magsig inquired about the seven, overpayments and underpayments, that resulted as part of the audit and the pay periods included. Karoll Diaz stated the sample selection for the audit focused

on employees with significant amounts of overtime within pay periods in calendar years 2022 and 2023.

- Paul Nerland inquired about the managers and supervisors receiving the same instructions regarding the updated policies and procedures. Bruna Chavez responded all supervisors received the same updated instructions.
- Manuel Vilanova inquired about the identification of the units in DSS, where most of the overtime is primarily used. Bruna Chavez stated that yes, the units have been identified.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Manuel Vilanova, and carried 5-0 to approve Agenda Item 8b.

**c) Review and approve amendment to Agreement No. 19-309, with Brown Armstrong Accountancy Corporation for independent and professional external audit services.**

- Paige Benavides, County Budget Director, County Administrative Office, introduced and presented the item.
- Vice-Chairman Cederborg inquired about the additional services to be provided in the amendment, outside the scope of what was originally contracted. Eric Xin, Engagement Partner, Brown Armstrong Accountancy Corporation, responded that yes, additional services are to be provided.
- Supervisor Magsig inquired about the auditing of the FEMA reimbursements, which are due to disasters. Eric Xin responded they are not yet required to complete an audit for FEMA.
- Manuel Vilanova inquired about the County Council reviewing the amendment. Paige Benavides responded Peter Wall and herself have been working on the agreement. Vice-Chairman Cederborg responded he is comfortable moving forward with the agreement, given Peter Wall's review.
- Supervisor Magsig inquired about the term length of the original contract. Eric Xin responded the contract was for one year and four additional one year extension options.
- Paul Nerland inquired if there was a difference in the employee turnover in the FR&A Division after implementing some changes. Oscar J. Garcia responded no employees have left since the implementation of changes.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Manuel Vilanova, and carried 5-0 to approve Agenda Item 8c.

**d) Review and accept the Independence Certification.**

- Oscar J. Garcia introduced and presented the item.
- There being no public comments, a motion was made by Kulwinder Brar, seconded by Paul Nerland, and carried 5-0 to approve Agenda Item 8d.

**e) Review and approve the 2024 Audit Committee Meeting Dates.**

- Supervisor Magsig inquired about the January 5, 2024, meeting date. Karoll Diaz responded the plan is to present the Annual Comprehensive Financial Report in the upcoming meeting.
- Oscar J. Garcia mentioned the importance of the January 5<sup>th</sup> meeting is due to having to issue the Debt Compliance report for EMMA.
- There being no public comments, a motion was made by Paul Nerland, seconded by Kulwinder Brar, and carried 5-0 to approve Agenda Item 8e.

## **9. Staff Updates**

- Oscar J. Garcia discussed the continuation of departmental audits and inquired about the date of completion for the Internal Services Department Audit. Karoll Diaz responded the initial deadline for the Internal Services Audit was end of December and will need to be extended.
- Manuel Vilanova commented his term concludes at the end of December 2023. Vice-Chairman Cederborg responded Manuel will need to remain in the Committee until someone else applies. Supervisor Magsig suggested Manuel re-applies.
- Supervisor Magsig inquired about the method of financial reporting used in the Annual Comprehensive Financial Report and the continuing fiscal health of the County. Oscar J. Garcia responded the County uses modified accrual basis and the fiscal health of the County is good.
- Supervisor Magsig discussed pension funds and unfunded liabilities. Oscar J. Garcia commented about the reducing rate of the pension funds.
- Eric Xin mentioned that there will be future GASBs to make the financial statements more reader friendly. Supervisor Magsig mentioned he has been contacted to provide guidance on new GASBs. Oscar J. Garcia commented that it would be good for Supervisor Magsig to provide guidance since he can provide a public view.

## **10. Adjournment**

- A motion was made by Vice-Chairman Cederborg, seconded by Manuel Vilanova, and was carried 5-0 to adjourn the meeting at 11:02 a.m.

### **Audit Committee Members:**

Supervisor Sal Quintero, Audit Committee Chairman

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

Supervisor Nathan Magsig

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Kulwinder Brar, Public Member