

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
April 11, 2025 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Daniel Cederborg, County Counsel
Paige Benavides, County Administrative Officer Proxy
Manuel Vilanova, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on April 11, 2025, at 10:00 a.m. in the Board of Supervisors' Chambers.

1. Roll Call

- Pai Her, Accounting and Financial Manager, Financial Reporting & Audits Division, took roll call.

2. Pledge of Allegiance

- Supervisor Nathan Magsig, Audit Committee Chairman, led all in attendance with the Pledge of Allegiance.

3. Approve Agenda

- A motion was made by Daniel Cederborg, seconded by Manuel Vilanova, and carried 5-0 to approve the April 11, 2025 agenda.

4. 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.
- There being none, the Committee proceeded to hear the next item on the agenda.

5. Approval of the January 10, 2025 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Chairman Magsig, seconded by Daniel Cederborg, and carried 4-0 to approve the January 10, 2025 Audit Committee Meeting Minutes. The motion was carried by the following vote:
 - Ayes: 4 – Chairman Magsig, Vice-Chairman Pacheco, Daniel Cederborg, and Manuel Vilanova
 - Abstained: 1 – Paige Benavides

6. Consent Items

a) Approve Quarterly Fraud Report covering January 1, 2025 to March 31, 2025.

There being no public comments, a motion was made by Vice-Chairman Brian Pacheco, seconded by Paige Benavides, and carried 5-0 to approve agenda item 6a.

7. Discussion and Action Items

a) Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2024.

- Eric Xin, Audit Partner, Brown Armstrong Accountancy, introduced and presented the item.
- Chairman Magsig inquired whether Eric Xin had the opportunity to discuss the identified deficiencies with Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, following the audit. He also asked if Eric Xin believed the County's proposed corrective actions were sufficient to address the findings or if additional measures were necessary.
- Eric Xin responded that, in accordance with Uniform Guidance requirements, Brown Armstrong must obtain a formal response and corrective action plan from the Auditor-Controller's Office for each finding. He noted that he anticipates all corrective actions will be implemented by May 2025. Eric Xin further explained that the finding stemmed from staff turnover, which resulted in new personnel lacking familiarity with the applicable compliance requirements.
- Oscar J. Garcia confirmed that the staff member responsible for the task had previously left the department without training their successor. As a result, the incoming staff was unaware of certain compliance expectations. Oscar J. Garcia stated that his office will begin issuing regular compliance reminders to departments. He also clarified that the confusion in the department pertained to the reporting frequency for HOME Loan data. The new staff mistakenly believed the reporting requirement was every three years, rather than annually.
- Oscar J. Garcia reiterated that compliance training will be provided in May 2025.
- There being no public comments, a motion was made by Paige Benavides, seconded by Manuel Vilanova and carried 5-0 to approve agenda item 7a.

b) Review and approve the Internal Services Department Head Transition Report.

- Daisy Landeros-Loera, Accountant II, Financial Reporting & Audits Division, introduced and presented the item.
- Chairman Magsig inquired about the type of capital asset that could not be located.
- Daisy Landeros-Loera responded that the asset in question was an electronic device.
- Chairman Magsig asked if the item was similar to a laptop.
- Daisy Landeros-Loera stated yes.
- Chairman Magsig then welcomed and asked the newly appointed directors to introduce themselves. He noted that the department's response was signed by the interim director, as the report was issued prior to the formal appointment of the new directors. He expressed his appreciation for their service and acknowledged their contributions to the County.
- Michael Kerr, Director of Information Technology Services Department and Chief Information Officer, introduced himself.
- Raymond T. Hunter, Director of General Services Department, introduced himself.
- Chairman Magsig asked whether both directors were fully on board with the identified corrective actions and noted his assumption that new tools or systems would be implemented to improve asset tracking.
- Raymond T. Hunter and Michael Kerr, both stated yes.
- Raymond T. Hunter further shared that he brings experience in cash handling from the Department of Motor Vehicles, as well as in asset management across the State of California.
- There being no public comments, a motion was made by Vice-Chairman Pacheco, seconded by Paige Benavides, and carried 4-0 to approve agenda item 7b. The motion was carried by the following vote:
 - Ayes: 4 – Chairman Magsig, Vice-Chairman Pacheco, Daniel Cederborg, and Paige Benavides
 - Recused: 1 – Manuel Vilanova

8. Staff Updates

- Oscar J. Garcia provided a status update on the Residence Home Garage Vehicle audit engagements, which include the Sheriff's Office, Department of Public Works and Planning, Probation Department, and the District Attorney's Office. He reported that all entrance conferences have been

completed. Departments have been given a deadline of April 25th to submit the requested documentation, with an estimated completion date of June 30, 2025.

- Oscar J. Garcia then provided an update regarding the Easton Community Special District. He stated that communication is currently underway with an external auditor to begin auditing the district's financials, starting with fiscal year 2018. He also noted that his office will complete the financial statements to be audited, and that his office will initially pay the cost of the audit, which Easton will later reimburse. The goal is to bring all special districts into compliance.
- Oscar J. Garcia then stated that the third update concerned the distinction between compliance audits and fiscal or financial audits. He mentioned that an audit had commenced with one department, but the department questioned whether the Auditor-Controller's Office had the authority to conduct the audit, as it was considered a compliance audit. Oscar J. Garcia added that County Counsel advised the Auditor-Controller's Office does not have the authority to conduct compliance audits.
- Oscar J. Garcia explained that his office reviewed the management directives, administrative policies, and Internal Audit Charter, all of which contain conflicting information. While audits conducted by his office typically include elements of compliance, the compliance audit in question has been put on hold. He raised the concern of whether all other audits should also be put on hold until the issue is brought before the Board.
- Daniel Cederborg stated that he has been in contact with the CAO's office and the Human Resources Director, who is currently gathering the necessary documents. He expects the CAO to authorize proceeding with the audit. He also noted that although the administrative policy places the CAO over compliance audits, he does not believe the CAO will intervene.
- Oscar J. Garcia stated that he plans to revise and clarify the administrative policies to resolve the conflicts. The management directive grants his office authority over compliance audits, the administrative policies do not, but the Internal Audit Charter supports that authority. He emphasized the importance of ensuring all parties are aligned.
- Chairman Magsig expressed appreciation for Oscar J. Garcia's efforts in addressing and resolving the policy inconsistencies. Chairman Magsig also inquired about the status of tax collections.
- Oscar J. Garcia responded that tax collections are on track with the previous year. He noted that due to increased staff efficiency, there are no longer long lines, which had been an issue in prior years. To date, approximately \$1 billion has been collected.

9. Adjournment

- A motion was made by Manuel Vilanova, seconded by Daniel Cederborg and carried 5-0 to adjourn the meeting at 10:21 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman

Supervisor Brian Pacheco, Audit Committee Vice-Chairman

Daniel C. Cederborg, County Counsel

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member