

**County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
July 16, 2025 – 1:30 p.m.**

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Peter Wall, Interim County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on July 16, 2025, at 1:30 p.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 Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve the July 16, 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 April 11, 2025 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve the April 11, 2025 Audit Committee Meeting Minutes.

6. Consent Items

a) Approve Quarterly Fraud Report covering April 1, 2025 to June 30, 2025.

There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova, and carried 6-0 to approve agenda item 6a.

7. Discussion and Action Items

a) Review and approve the Sheriff-Coroner's Office Department Head Transition.

- Daisy Landeros-Loera, Senior Accountant, Financial Reporting & Audits Division, introduced and presented the item.

- Paul Nerland inquired why the Sheriff-Coroner's Office had not previously implemented the recommendations and whether a timeline had been established for implementation.
- Lt. Brandon Pursell responded that the recommendations have now been implemented moving forward, but explained he could not speak to actions taken prior to his appointment. He noted that corrective measures included establishing a daily cash log, strengthening compliance with Form 700 filings, and providing staff training. He added that the corrective action plan is already in place.
- Chairman Magsig requested that Lt. Pursell introduce his colleague.
- Lt. Pursell introduced Baldomero Berber as the Sheriff-Coroner's Office Business Manager.
- Vice-Chairman Brian Pacheco asked whether Lt. Pursell was newly assigned to the role and therefore not responsible for the prior inaction.
- Lt. Pursell confirmed that he assumed the position and responsibility for the audit in October.
- Vice-Chairman Pacheco stated he shared the concern expressed by the CAO, noting that the prior findings had gone unaddressed for an entire year until the follow-up audit.
- Lt. Pursell reiterated that the cash box and Form 700 issues have been resolved, describing them as straightforward fixes.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland and carried 6-0 to approve agenda item 7a.

b) Review and approve the Proposed Audit Plan for fiscal year 2025-26.

- Pai Her, introduced and presented the item.
- Manuel Vilanova requested clarification regarding the General Services Department cash receipts audit, asking whether it included accounts receivable since the department does not physically handle cash.
- Pai Her confirmed that it would include deposits.
- Kari Gilbert inquired whether an audit is performed when there is an outgoing department head.
- Pai Her responded that a transition review is conducted in such cases.
- Kari Gilbert then asked how these reviews are scheduled.
- Pai Her clarified that transition reviews are separate from the annual audit plan and are automatically initiated when a department head leaves.
- Kari Gilbert also asked about the timeliness of these reviews.
- Pai Her stated the goal is to complete them within three months.
- Paul Nerland asked if the Committee could access the documentation used to create the audit risk categories to better understand how risks are assessed.
- Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, confirmed that such documentation is available. He explained that the new audit software distributes questionnaires to departments, and once responses are received, the system completes the risk assessment. He offered to provide the supporting materials to the Committee.
- Paul Nerland emphasized that he would like to review the background information on risk identification.
- Oscar J. Garcia noted that since not all audits listed in the plan can be completed, he requested the Committee's input on prioritizing audits.
- Kari Gilbert asked how higher-risk audits are identified.
- Oscar J. Garcia explained that audits are listed in order of risk, with those at the top being the highest priority, though the order can be adjusted based on the Committee's recommendations.
- Chairman Magsig observed that the Assessor-Recorder's Fund, which operates fiduciary funds, is included in the plan. He noted that departments have varying fund types and that the Board of Supervisors provides direction on how certain programmatic funds must be expended. He emphasized the importance of considering Board policy on funding sources during audits.

- Oscar J. Garcia responded that his office bills departments for audit services and is considering a wage study to ensure accurate billing, which would be presented to the Board.
- Paul Nerland stated that if the schedule is risk-based, he was comfortable with it, but asked how many audits could realistically be completed.
- Oscar J. Garcia replied that the number depends on workload since transition reviews take precedence. He estimated that five to six audits could be completed, but noted staff are also engaged with the Annual Comprehensive Financial Report (ACFR).
- Kari Gilbert asked about the timeline for the Behavioral Health audit.
- Oscar J. Garcia stated it would likely begin within three months.
- Kari Gilbert then asked if multiple audits can be conducted concurrently.
- Oscar J. Garcia confirmed that they can.
- Kari Gilbert expressed concern that the cash receipts audit was listed below the payroll audit, noting that State auditors typically focus on cash receipts.
- Oscar J. Garcia explained that payroll is the County's largest expense, which makes it a high-risk area.
- Kari Gilbert stated that she trusts Oscar J. Garcia's judgment on the schedule.
- Oscar J. Garcia added that conducting payroll-related audits concurrently is beneficial.
- Chairman Magsig commented that while the plan includes fee-generating revenue audits, it is also important to review the treasury pool to ensure that interdepartmental borrowing is repaid in a timely manner. He also suggested evaluating the treasury pool as a whole for additional revenue opportunities.
- Oscar J. Garcia reported that as of July 16, the General Fund cash flow was \$85 million, which has been trending positively. He noted that his office meets with departments quarterly, and monthly if needed, to monitor cash inflows.
- Chairman Magsig remarked that the prior month's cash flow reached \$135 million.
- Oscar J. Garcia responded that it subsequently decreased to \$35 million.
- Chairman Magsig asked whether the County's cash position primarily reflects the 0001 Fund, which departments should not draw from without Board authorization. He emphasized the importance of maintaining a strong balance in this fund to generate interest income.
- Oscar J. Garcia replied that his office has already been in discussions with the major departments, particularly Social Services, Behavioral Health, and Public Health, regarding cash management.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova, and carried 6-0 to approve agenda item 7b.

c) Review and accept the Independence Certification.

- Oscar J. Garcia, introduced and presented the item.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve agenda item 7c.

8. Staff Updates

- Oscar J. Garcia provided a status update on the Residence Home Garage Vehicle audits and the Human Resources Compliance Audit.
- Chairman Magsig asked whether State and Federal funding had remained consistent or decreased.
- Oscar J. Garcia responded that funding levels had not slowed, noting that the treasury pool held \$7.4 billion with no significant decline.
- Chairman Magsig further inquired whether Oscar's office was preparing for schools to access their portion of the treasury pool and if additional cash was being held in anticipation.
- Oscar J. Garcia stated that \$750 million was being held as of July 16.

9. Adjournment

- A motion was made by Kari Gilbert, seconded by Manuel Vilanova and carried 6-0 to adjourn the meeting at 1:48 p.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Peter Wall, Interim County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member