**County of Fresno**
**Auditor-Controller/Treasurer-Tax Collector**
**Audit Committee Minutes**
**Board of Supervisors' Chambers**
**October 15, 2025 – 1:30 p.m.**

MEMBERS PRESENT:
**Supervisor Nathan Magsig, Audit Committee Chairman**
**Supervisor Brian Pacheco, Audit Committee Vice-Chairman**
**Douglas T. Sloan, County Counsel**
**Paul Nerland, County Administrative Officer**
**Kari Gilbert, Department Heads Council Member**
**Manuel Vilanova, Public Member**
**Kulwinder Brar, Public Member**

**Call to Order**: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on October 15, 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**
   - Kari Gilbert, Department Heads Council Member, 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 7-0 to approve the October 15, 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. **Appointment of the Audit Committee Chairman and Vice-Chairman for Calendar years 2026 and 2027.**
   - Supervisor Magsig was appointed as Chairman for an extension of one year for calendar year 2026.
   - Supervisor Brian Pacheco was appointed as Vice-Chairman for an extension of one year for calendar year 2026.
   - There being no public comments, a motion was made by Vice-Chairman Pacheco, seconded by Paul Nerland, and carried 7-0 to appoint Supervisor Magsig as the Audit Committee Chairman and Supervisor Pacheco as the Audit Committee Vice-Chairman for calendar year 2026.

6. **Approval of the July 16, 2025 Audit Committee Meeting Minutes**
   - There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova, and carried 7-0 to approve the July 16, 2025, Audit Committee Meeting Minutes.

7. **Consent Items**

   a) **Approve Quarterly Fraud Report covering July 1, 2025 to September 30, 2025.**
   There being no public comments, a motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 7-0 to approve agenda item 7a.

8. **Discussion and Action Items**

   a) **Review and approve the Probation Department Residence Home Garaged Compliance Audit Report for calendar years 2022 through 2024.**

- Pai Her, Accounting and Financial Manager, introduced and presented the item.
- Paul Nerland asked what specific documentation was being requested.
- Pai Her explained that, according to the Department's policies, an assignment form was required to be completed. When the form was requested, the Department stated that they were unable to locate the form.
- Paul Nerland further asked if the form was the only documentation requested.
- Pai Her confirmed that it was, and added that if any vehicles were located outside the County, the Department was required to obtain CAO approval along with a memo. Those documents were not provided.
- Chairman Magsig inquired how many total vehicles the Department utilized.
- Pai Her responded that the Department had around 30 vehicles and 8 were selected for testing.
- Chairman Magsig asked if the recommendations were for the Department to follow the policy requiring completion of the assignment form and to ensure vehicle utilization is properly tracked.
- Pai Her affirmed the recommendation.
- Paul Nerland expressed concern about ensuring adherence to County policies for home garaged vehicles, emphasizing not only the completion of the required forms but also proper documentation of both County and private use. He asked what the Department's plan to achieve compliance going forward.
- Cliff Downing, Assistant Chief Probation Officer, responded that the Department acknowledged the findings and had begun corrective actions, including reconciling the home garaged vehicle list with Fleet Management through the REACH request process. He noted that the referenced form is an outdated version that was used prior to the implementation of the REACH system. He further explained that he is responsible for maintaining approximately 300 Probation policies and acknowledged that this particular policy had not been updated. The Department has provided training to all administrative assistants who submit REACH requests on its behalf to ensure that forms are completed accurately. He also reported that, in some instances, employees change vehicles without submitting a REACH request, which resulted in duplicate entries on the vehicle listing. To address this, the Department is currently training all managers to conduct six-month reviews of home garaged vehicles. He concluded by stating that the corrective actions are scheduled to be implemented in November.
- Paul Nerland further asked whether the Department currently maintains a list of employees assigned home garaged vehicles and whether the remaining issue was identifying the specific vehicle assigned to each employee.
- Cliff Downing confirmed that the Department has an updated and reconciled list.
- Kari Gilbert asked how the Department ensures that home garaged vehicles are not used for personal purposes.
- Cliff Downing responded that the vehicles are equipped with tracking, but the Department no longer has direct access to the information. He explained that the Department can request tracking information when issues arise, but there is a cost associated with obtaining the data for each vehicle. He further noted that Management Directive 900 does not establish a countywide standard for how often departments should review tracking data.
- Paul Nerland commented that, in previous years, employees assigned a County vehicle were required to track any mileage not related to County business, and the Auditor-Controller's Office would calculate whether personal use resulted in taxable income. He suggested the County may need to reevaluate whether this prior approach remains appropriate.

- Cliff Downing stated that the Department has no objection to reviewing vehicle tracking data, but oversight would be more consistent if the County established a standard for how often tracking data should be reviewed for home garaged vehicles. Once a standard is established, the Department can implement its internal procedures.
- Kulwinder Brar asked whether the vehicles contain mileage logs documenting employee travel, including home to work mileage, and whether a standard exists to distinguish personal from business use.
- Cliff Downing stated that such requirements are not outlined in the REACH request process.
- Chairman Magsig noted that November 17, 2025, had been identified as the date to have all corrective actions completed.
- Cliff Downing clarified that the date does not include the policy update, which will require meet and confer discussions with the bargaining units. He explained that updates to policy language depend on the timeline of that process.
- Chairman Magisg asked whether this had been discussed with the Auditor-Controller's Office.
- Cliff Downing stated that the updates are included in the Department's corrective action plan and the outdated form reference will be removed and replaced with information regarding the REACH request process.
- Chairman Magsig replied that this approach is acceptable as long as the Auditor-Controller's Office is satisfied.
- Kari Gilbert expressed concern on how the Probation Department does not have direct access to Fleet Management's vehicle tracking information despite being responsible for oversight of home garaged vehicles. She stated that it is unreasonable for a Department to be held accountable without access to necessary data.
- Vice-Chairman Pacheco agreed, stating that the lack of access reflects a broader communication issue within the County. He noted that departments cannot effectively monitor vehicle usage without this information.
- Kari Gilbert added that, from both a department head and public perspective, ensuring County vehicles are not used for personal purposes is a critical responsibility, and departments must have the necessary tools to monitor compliance.
- Cliff Downing agreed with the Committee's concerns and reiterated that the Department supports reviewing tracking data and that a Countywide standard would improve consistency.
- Paul Nerland stated that he will coordinate with the Auditor-Controller's Office and the General Services Department (GSD) to clarify expectations for reviewing vehicle tracking data and emphasize the importance of consistent guidance across departments.
- Vice-Chairman Pacheco stated that the departments should automatically receive vehicle tracking reports without having to request or pay for the reports. He recommended that GSD provide monthly reports to all departments with home garaged vehicles to support accountability.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Kulwinder Brar and carried 7-0 to approve agenda item 8a.

**b) Review and approve the Department of Social Services Food and Nutrition Services (FNS)-209 Report for the quarter ended June 30, 2025.**

- Brandon Lee, Accountant I, Financial Reporting & Audits Division, introduced and presented the item.
- There being no public comments, a motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 7-0 to approve agenda item 8b.

**c) Review and approve the General Services Department Head Transition Review Report.**

- Brandon Lee introduced and presented the item.
- Chairman Magsig stated that periodically, the fees that are charged to different departments for general services are updated and must be approved by the Board of Supervisors. He asked how the County can ensure these fees are appropriate when the underlying asset records may be incomplete.
- Pai Her explained that when an unrecorded asset is identified, departments may submit the required information using the FCAC-82 form. The completed form is submitted to the Fixed Asset inbox.

Each asset should have an associated program number to allow related expenses to be identified in the financial system. Once updated, depreciation is calculated automatically based on the acquisition date.

- Chairman Magsig stated that the report referenced a CCTV system and a $99,000 air conditioning system that appeared unrecorded and asked whether they had been documented when installed in 2016 and 2020.
- Pai Her clarified that the assets had been recorded but had not been removed from the capital asset report when appropriate, resulting in them incorrectly being reported in the ACFR.
- Paul Nerland inquired with GSD on how it will ensure ongoing reconciliations, given that a comprehensive fixed asset audit is planned by the end of 2026.
- Carlos Naranjo, Business Manager, GSD, stated that the Department has begun providing training at the department head level and improving communication around building sales and lease terminations to ensure related assets can be appropriately removed.
- Paul Nerland suggested that departments conduct regular reviews of their assets to strengthen oversight.
- Carlos Naranjo stated that the Department is discussing routine asset reviews as part of the transition process and noted that recent leadership changes highlight the need for stronger recordkeeping and complete documentation.
- Vice-Chairman Pacheco stated that some issues identified in the report appeared to be routine recordkeeping matters rather than transition related issues and emphasized that the lack of a complete property inventory is a significant countywide concern. He highlighted the Grand Jury's finding regarding the lack of records for County properties. He noted that the County Clerk of the Board assists in maintaining Board compliance records to ensure adherence to County and State regulations, and emphasized that it is unreasonable to expect staff to track all such forms. He requested that the new GSD Director address the Committee regarding corrective actions.
- Carlos Naranjo explained that validating the County's property records involves multiple components, including online property listings, older asset listings, and historical building records that previously lacked clear ownership within the County. He mentioned that when Facility Services became an ISF, the Department began managing assets routed through its operations, but this covered only a portion of the overall property inventory.
- Vice-Chairman Pacheco stated that these concerns should be addressed by the new GSD Director, noting that multiple leadership changes in recent years has provided opportunities to reassess longstanding issues. He emphasized the importance of understanding how the Department plans to address the deficiencies identified by the Auditor-Controller's Office and avoid future findings.
- Paul Nerland responded that GSD has already addressed the property inventory concerns raised by the Grand Jury, noting that a GIS system now provides a complete listing of County properties. He stated that GSD Director Raymond Hunter is assessing additional resource needs within Facility.
- Vice-Chairman Pacheco reiterated that clear responsibility is essential and suggested that GSD designate a staff member to oversee compliance forms and asset management.
- Selina De La Cruz, Program Manager, GSD, reported on Finding 1. She stated that the Department has adopted the Auditor-Controller's recommendation and centralized the Form A process within the Department's Human Resources unit. For the third quarter, all 30 required staff submitted their Form A filings by October 10, four days before the deadline.
- Vice-Chairman Pacheco asked whether the Department was prepared for the upcoming Form 700 filings due in April. Upon confirmation, he stated he was pleased with the progress.
- Paul Nerland noted that he could not address Vice-Chairman Pacheco's question regarding why broader operational issues were included in a Department Head Transition Review and suggested the Auditor's Office provide clarification.
- Rochelle Garcia, Accounting and Financial Division Chief, Financial Reporting & Audits Division, stated that Transition Reviews focus on the transfer of responsibility for capital assets, inventoriable assets, and cash from the outgoing to incoming department heads.
- Vice-Chairman Pacheco asked why department heads are responsible for assets belonging to the County as a whole.
- Rochelle Garcia responded that departments are responsible for assets they use, control, or purchase, and department heads are accountable for overseeing those assets within their organizational unit.

- Vice-Chairman Pacheco requested that the Auditor-Controller's Office explain, from its perspective, how responsibility for asset transfers is handled during a department head change.
- Rochelle Garcia explained that assets, such as buildings, do not undergo a monetary change during a transition, but responsibility transfers to the incoming department head. The purpose of the transition review is to ensure the accuracy of handoff and confirm that all assets assigned to the department are properly accounted for.
- Kulwinder Brar questioned how a leadership transition can occur when the Department's inventoriable asset records are incomplete.
- Rochelle Garcia stated that departments are responsible for maintaining their inventoriable asset listings. During the review, the Auditor-Controller's Office requests supporting documentation for selected items. However, departments often cannot provide adequate support for assets that appear on their own listings.
- Kulwinder Brar questioned the Department's overall inventory process, noting that assets should be tracked from purchase to disposal. She stated that the lack of consistent tracking suggests broader control weakness.
- Rochelle Garcia responded that departments record inventoriable purchases in PeopleSoft with attached receipts and maintain their own logs. The Auditor-Controller's Office does not continuously monitor Department inventories.
- Kulwinder Brar asked whether guidelines exist for what qualifies as an inventoriable asset, noting that missing items raise concerns about whether other assets might also be untracked.
- Rochelle Garcia reiterated that the audit findings arise when departments are unable to provide support for listed assets or when assets are missing from the list.
- Paul Nerland suggested that the item return to the Committee at a future meeting so GSD Director Raymond Hunter may address unresolved questions.
- Kari Gilbert stated that she does not recall receiving proper training on the compliance forms.
- Vice-chairman Pacheco stated that he did not received formal training on Form A or Form 700 requirements and emphasized the need for countywide training as reporting obligations has expanded to include County staff.
- Douglas Sloan suggested that his office could work with the Department of Human Resources to develop training modules on Form A and Form 700 requirements and make staff available for assistance as needed.
- Kari Gilbert stated that she does not fully understand the purpose or scope of an outgoing Department Head Review and suggested that the County adopt a more comprehensive process to document the condition of a Department at the time of a leadership transition. She stated that such clarity would benefit the public, outgoing and incoming department heads, and County leadership.
- Chairman Magsig stated that there is an absence of consistent standards for departments to follow and suggested exploring tools or structured checklists to document departmental conditions and ensure incoming department heads are not held responsible for preexisting issues.
- Paul Nerland agreed that transition reviews provide value by documenting departmental condition and ensuring accountability, and reiterated the need for training.
- Chairman Magsig asked whether the Committee preferred to approve the item or have it return at a future meeting.
- Kari Gilbert supported continuing the item to the next meeting so that GSD Director Raymond Hunter would have the opportunity to speak directly to the Committee.
- Chairman Magsig confirmed with staff that the item could be held over until the next meeting.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Kulwinder Brar and carried 6-0 to defer agenda Item 8c to the next meeting. The motion was carried by the following vote:
- Ayes: 6 - Chairman Magsig, Vice-Chairman Pacheco, Douglas Sloan, Paul Nerland, Kari Gilbert, and Kulwinder Brar
- Recused: 1 - Manuel Vilanova

**d) Review and approve the Information Technology Services Department Head Transition Review Report.**

- Raulalonso Corchado, Accountant I, Financial Reporting & Audits Division, introduced and presented the item.

- Chairman Magsig asked about the eight capital assets listed in the first finding and inquired how old those assets were.
- Raulalonso Corchado responded that the oldest asset dated back to 1998.
- Jennifer Cavalla, Business Manager, Information Technology Services Department (ITSD), stated that the majority of the issues related to assets totaling approximately $212,000.
- Chairman Magsig inquired what types of items were noted as missing.
- Jennifer Cavalla stated that the missing items were in the process of being formally removed through the Asset Management System.
- Chairman Magsig acknowledged the update and noted that the Department's Director was present to provide additional input.
- Mike Kerr, Director of ITSD, stated that he had no additional comments.
- Kari Gilbert asked whether the Department Directors are given an opportunity to provide written responses to the findings.
- Mike Kerr stated that the Department was given an opportunity to respond to the findings.
- Pai Her reiterated that the management response and corrective action are included at the end of each finding.
- Kari Gilbert commented on the significance of the finding, noting that while the dollar amount is small relative to the County's total capital assets, the issue is still important. She stated that the audit highlights the need for all departments to consistently review and track their assets, ensure proper classification between capital and inventoriable items, and maintain strong internal checks and balances. She added that newer department heads may especially benefit from this information and emphasized that improving internal controls helps strengthen public trust.
- Rochelle Garcia added that the issue is not limited to internal audits. The County's external auditors have also identified ongoing problems with capital asset management and, these findings continue to appear in the County's financial reporting.
- Kulwinder Brar asked whether the County has a standard policy for asset inventory and tracking and, whether an internal process exists for periodic checks on inventory and inventoriable items.
- Kari Gilbert commented that departments rely on Management Directive 400 for asset requirements, and departments receiving Federal funding must also comply with stricter Federal mandates in addition to County policies.
- Kulwinder Brar further asked whether there is an internal audit function, apart from the Auditor-Controller's Office, that performs periodic checks and balances over inventory or inventoriable assets.
- Paul Nerland stated that the Audit Committee and its audit function are the County's internal review mechanism. He noted that the findings highlight the need for additional training and that the upcoming department head meeting would be an opportunity to reinforce policy requirements. He added that the Committee may request additional audits outside of the approved Audit Plan if needed.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland and carried 6-0 to approve agenda item 8d. The motion was carried by the following vote:
- Ayes: 6 - Chairman Magsig, Vice-Chairman Pacheco, Douglas Sloan, Paul Nerland, Kari Gilbert, and Kulwinder Brar
- Recused: 1 - Manuel Vilanova

**e) Review and approve the County Counsel's Office Department Head Transition Review Report.**

- Raulalonso Corchado introduced and presented the item.
- Kari Gilbert asked whether a late form would still be considered a finding if the employee was on a leave of absence when the form was due, noting that electronic forms make it harder to document such circumstances. She inquired whether departmental documentation of the situation would address the issue.
- Pai Her responded that appropriate documentation by the Department would address the issue.
- Vice-Chairman Pacheco asked County Counsel Douglas Sloan which specific assets were not transferred during the transition.
- Douglas Sloan stated that the finding underscores the need for additional training and will ensure compliance going forward.

- Vice-Chairman Pacheco commented that although some assets were recorded as being in the County courthouse, they are no longer present there.
- Juanita Montoya, Business Manager, County Counsel's Office, explained that the missing asset was an old computer tower assigned to a workstation at the Fresno Superior Courthouse. She stated that ITSD had replaced the equipment during an update, but the Department was not notified of the change, which led to the discrepancy later identified during the inventory process.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Kulwinder Brar and carried 7-0 to approve agenda item 8e.

**f) Review and approve the 2026 Audit Committee Meeting Dates.**

- Chairman Magsig asked whether any of the proposed 2026 meeting dates presented scheduling conflicts and noted that adjustments can be made if needed.
- Kari Gilbert asked whether the updated dates had been shared with all members.
- Chairman Magsig confirmed the updated dates were provided.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova and carried 7-0 to approve agenda item 8f.

**9. Staff Updates**

- Rochelle Garcia reported that the District Attorney, Public Works, and Sheriff's Office Residence Home Garaged Vehicles Compliance Audits are still in progress. She noted the challenges with obtaining GPS data from the Sheriff's Office, explaining that their system generates data slowly and requires manual mapping. Rochelle requested guidance from the Committee on whether to continue requesting this data.
- Paul Nerland suggested working with the audit team to consult the Sheriff's Office to evaluate the issues with the GPS data and determine whether the request should be modified.
- Rochelle Garcia provided a status update on the Department of Social Services Payroll Audit and the Department of Human Resources Compliance Audit, noting delays in receiving requested information from the Department of Human Resources. She also stated that the Department of Public Health Transition Review is in progress.

**10. Adjournment**

- A motion was made by Kari Gilbert, seconded by Paul Nerland and carried 7-0 to adjourn the meeting at 2:40 p.m.

**Audit Committee Members:**

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