ADVISORY AUDIT COMMITTEE MEETING MINUTES

2:00 p.m. – 4:00 p.m., Thursday, April 23, 2026

Finance Conference Room – 315 Calhoun Street, 7th Floor

MEMBERS:

Valerie Peacock, Chair, CFE, CIA, CIG, CIGA, CISA

Cindy Welter, Vice Chair, CIG, FCCM

Jeffrey Caines, CIA, CFE, CGAP

Nancy Shepherd, Chair, CPA, CIA, CRM

Kelly Neel, CIA, CISA, CIGA

Opening:

Call to Order and Roll Call:

Chair Valerie Peacock held a roll call and determined that a quorum was present with all members in attendance. Then Chair Peacock called the Audit Advisory Committee meeting to order.

Approval of the January 22, 2026, Meeting Minutes:

Chair Peacock ask the Audit Advisory Committee members if they had any suggested changes or discussion for Item 1, the proposed approval of the January 22, 2026, Audit Advisory Committee meeting minutes. None was offered. Chair Peacock ask for a motion on the approval of the January 22, 2026 minutes.

Vice Chair, Cindy Welter motioned to approve the January 22, 2026, minutes as stated, seconded by Jeffrey Caines.

The motion carried unanimously.

Introduction of New Audit Advisory Committee Member and Division of Internal Auditing (DIA) New Staff

It was announced by Kim Ferree, Director of Internal Audit that Clerk Knight might not be able to attend because she had another meeting but would attempt to join later if possible. Audit

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Advisory Committee members briefly discussed the recently concluded legislative session, noting that additional fees had been approved and that property tax discussions appeared to remain unresolved due to lack of consensus among legislators.

Kim Ferree welcomed new Audit Advisory Committee member Kelly Neel and highlighted her approximately 13 years of auditing experience. Kim Ferree noted that Kelly Neel began her state career as an OPS auditor with the Department of Environmental Protection, later served as an auditor with the Department of Juvenile Justice (DJJ), and currently serves as the DJJ's Director of Internal Audit. She stated that Kelly Neel's extensive auditing background would be a valuable asset to the Audit Advisory Committee. Ms. Neel briefly shared information about her background and local ties with the community.

Kim Ferree introduced and welcomed the new Internal Auditor, Dasha Copeland, who joined the DIA in February 2026. She praised Ms. Copeland as a self-starter who works independently, produces accurate and timely work, demonstrates strong judgment, and possesses excellent interpersonal skills. She explained that Human Resources had recently realigned job titles within the organization. As a result, Copeland's position changed from Auditor Specialist to Internal Auditor, while other audit staff also received updated titles. Robert Meadow's new title is Senior Internal Auditor and Kim Ferree's new title is Director of Internal Audit.

Non-Actionable (Discussion) Items:

Official Signatures on the Audit Advospru Committee Bylaws* & Internal Audit Charter*

Kim Ferree reported that there were no major action items for this April 23, 2026, Audit Advisory Committee meeting as noted on the April 23, 2026, agenda.

Kim Ferree noted that the Audit Advisory Committee By-laws* as well as the Internal Audit Charter* were approved at the January 22, 2026, Audit Advisory Committee meeting, and she had brought them back to the April 23, 2026, Audit Advisory Committee meeting for signatures since an update was needed to reflect the change in the Chair position that had occurred at the January 22, 2026 meeting.

Kim Ferree noted the signature page had been prepared for the new Chair's signature and the annual review tracking lines were added for documentation purposes to document the annual review for the Redbook standards. The rest of the document is the same as was approved at the January 22, 2026, meeting and needed signatures. Kim Ferree indicated that the Audit Advisory Committee reviews these two documents annually at the January quarterly meeting and any future changes suggested by the Audit Advisory Committee would be addressed annually at the January meeting.

Kim Ferree stated the signed Audit Advisory Committee By-laws and Internal Audit Charter will be posted on the DIA website.

Status Overview of DIA Projects and Operations:

Two Fraud policy options and BoCC input status:

Kim Ferree discussed the proposed Fraud, Waste, Abuse, and Misconduct Policy, noting she had provided the Audit Advisory Committee with two versions and wanted to hear their input. She indicated she was still waiting feedback from the County Attorney's Office on the version that had been previously shared with them.

Kim Ferree stated that the County Attorney had raised concerns that the Clerk's proposed policy appeared to assert authority over BoCC employees for areas of misconduct, etc., that should be handled by BoCC human resources, etc., rather than the Clerk's proposed Fraud, Waste, Abuse and Misconduct policy. The Clerk's office welcomes any input from the County Attorney's office prior to finalizing the final version in order to work in partnership with BoCC. The County Attorney's office agreed that the Clerk has authority of issues that arise from financial transactions.

While awaiting the County Attorney's input, Kim Ferree discussed the two attached updated versions of the Fraud, Waste, Abuse, and Misconduct policy. She stated that neither of these have been shared with the County Attorney's office and the County Attorney's input would be considered when working on the final version. Kim Ferree briefly explained the two policy revisions. One was the policy that was previously shared with the county, was revised to include the case law supporting the Clerk's authority to conduct post-audit reviews and investigations. The other version is a very good policy that was developed by the Deputy Clerk.

Once DIA hears back from the County Attorney's office we can develop the final policy and post to the DIA webpage. Once that occurs, DIA we will request to automate the compliant form online. Kim Ferree stated until this policy is finalized, DIA will continue with the pre-existing Fraud policy that is currently listed on the DIA webpage.

Kim Ferree asked for guidance and any input on the two policy revisions from the Audit Advisory Committee members. The input will assist with which policy to use as the starting point of finalizing the policy and finalizing this project.

A discussion occurred regarding the two policies. The shorter version written by the Deputy Clerk received the most favorable input. Nancy Shepard suggested that some of the background, case law, and definition information in the longer version could be added to the shorter version as appendices since they were informational. Kim Ferree concurred and thanked Nancy Shepherd for the suggestion. Kim Ferree stated she would finalize the policy after hearing back from the County Attorney's office with their input.

<u>Quality Assessment and SOP updates</u>:

Kim Ferree discussed that she was continuing to work on the update to the Standard Operating Procedures and a Quality Assurance Plan using the IIA Quality Assurance Manual and indicated that this part of the new Redbook conversion to the new Global Internal Audit Standards would need to be completed prior to the DIA request for the peer review. She indicated that she was working on performing an annual self-assessment spreadsheet as part of the internal quality control documentation that can be provided to a peer reviewer when scheduling the review. Potential QAR providers were discussed, including resources available through the Association of Inspectors General and possible reciprocal arrangements with other government audit offices.

Recent Staff Certifications:

Kim Ferree highlighted recent professional qualifications the DIA staff recently received from the Association of Inspectors General. Robert Meadows became a Certified Inspector General Auditor and Kim Ferree became a Certified Inspector General Investigator. These certifications continue to demonstrate the professional competencies and professional development that DIA includes as part of the Redbook standards for continuing professional development.

Summary of Projects and Activities:

Kim Ferree provided a description of ongoing projects and activities listed on the Item 8 Budget to Actual Variance Report. As noted in the report the Purchasing Card audit is still ongoing. There have been several areas where information requests have not been acted on or have been provided in a dilatory manner because of the ongoing external audit being a priority for the Clerk's finance department. Once that financial audit is closer to conclusion, we will follow up with pending items to continue to finalize the fieldwork. We also expanded scope to include a limited testing of physical observation of BoCC P Cards since we noticed that the BoCC active P Card holders list had many P Cardholders with inactivity for years. Additionally, the BoCC P Card Administrator also recently identified users in the BoCC active cardholder lists that should have been previously cancelled that they recently processed a cancellation for. We will be scheduling and performing those additional procedures in the near future.

Annual Financial Statement Audit Update:

Thomas Kauffman provided the current status on the financial audit and the status for completion.

Clerk Updates:

Clerk Knight had joined the meeting and provided updates. She discussed the progress that Dasha Copeland had made in the short time she has been employed and had caught on quickly when working the Guardianship audits. The Clerk discussed the new Certifications that DIA staff recently received from the Association of Inspectors General. There was brief discussion of future audit topics. The Clerk mentioned that had been a recent breach of vendor data at another agency in town. The Clerk stated her IT staff continue to ensure the networks are secure. The Clerk thanked the Audit Advisory Committee members for their service.

Adjournment:

With no further business, Cindy Welter motioned for adjournment, seconded by Nancy Shepherd.

The motion carried unanimously.

The meeting was adjourned at 4:02 p.m.