



December 13, 2016
Durham County Audit Oversight Committee Minutes

I. Call to order

The meeting was called to order at 3:26 PM in the Durham County Manager's Conference Room; 200 East Main Street, Durham, NC 27701

II. Members

Present: Mr. Manuel Rojas, Chair; Mr. Arnold Gordon, Vice Chair; Commissioner Wendy Jacobs; Commissioner James Hill; Mr. Wendell Davis, County Manager.

Absent: Harrison Shannon, Member

Presenters: George Quick, Chief Financial Officer; Scott Duda, Cherry Bekaert Representative; Michael Becketts, DSS Director; Richard Edwards, Internal Audit Director; Kathy Everett-Perry, Human Resources Director; Mr. Wendell Davis, County Manager

Others Present: George Quick, Chief Financial Officer
Scott Duda, Cherry Bekaert representative
Michael Becketts, Director of Social Services
Richard Stegenga, Assistant Director of Social Services
Kathy Everett-Perry, Human Resources Director
Richard Edwards, Internal Audit Director
Kierra Simmons, Internal Auditor
Alecia Amoo, Internal Auditor

III. Business

A. Prior Meeting Minutes

Mr. Arnold Gordon moved and Commissioner Wendy Jacobs seconded the motion to approve the September 23, 2016 minutes. Minutes were approved unanimously.

B. Cherry Bekaert Financial Audit Presentation- Scott Duda

Mr. Scott Duda gave an overview of the financial audit findings. Mr. Duda expressed that overall they did not find a material weakness in financial reports; however, on the compliance side the repeat findings were not uncommon for the County to have. The County just has to address how we will resolve the issues in the future. Mr. Duda stated that we could train employees and implement a system and measures to prevent issues in the future to resolve these issues. Mr. Becketts stated that DSS has already retrained the current staff that works in the benefits sector of DSS and new staff will also be trained. In regards to CHIP, Mr. Becketts stated that the State has not provided DSS with information relevant to help DSS in reporting. Mr. Becketts stated that DSS may have to pay a fee or find a donor to sponsor the cost of getting the needed information for reporting. He will provide the financial and audit department with a status update on the progress for addressing the issues by December 20, 2016. Mr. Rojas inquired whether there was a compliance officer that ensures whether DSS is in compliance and whether there was one in place for the County as well. Mr. Becketts stated that DSS recently hired a person to be a liaison to the audit department and to focus on compliance. George Quick also stated that he just recently hired a compliance manager to ensure compliance with grant related funding. The Cherry Bekaert firm will be making a presentation of the audit to the Board of County Commissioners at its final meeting in January.

C. Discussion of Succession Planning Report- Richard Edwards, Kathy Everett- Perry

Richard Edwards opened the floor for Human Resources Director, Kathy Everett-Perry, to discuss the changes she will implement to ensure that Durham County has a succession plan. Mrs. Everett-Perry stated succession planning is a collaborative effort, not just a job for human resources. Important factors in succession planning include: retention, competitive salaries and benefits, and training employees. Human resources is looking into implementing training that has not be offered within the past ten years. The County needs to identify employees who are high performers and provide them with leadership training. Mrs. Everett-Perry stated that there are a pool of individuals that are currently receiving training in the Leadership Academy. Additionally, the Success Factors ERT program has a succession planning module used to identify competencies needed for every position. This module is projected to be implemented by June 2017. Lastly, the County can use Employee Central to identify potential successors. Employee Central is a program in which employees can input and display all of their experience and educational background information, such as: certifications, licenses, and degrees, for human resources and departmental managers to see. Mr. Rojas was concerned that one of the best practices listed in the Succession Planning Audit excerpt may raise an issue of discrimination. Specifically, excerpt #5: identify which individuals are likely to leave and when. In response, Mrs. Everett-Perry stated that she has been practicing law for the past 25 years and is aware of discriminatory concerns. Human resources will not discriminate against individuals based on their age. However, human resources can collect the information to be aware of when an employee is eligible for retirement. Mrs. Everett-Perry further stated that Durham County does not operate under the heir apparent mentality and has to follow the merit principal,

which states that the County has to recruit generally. Mr. Gordon noted that he did not feel as though finding a pool of potential successors is discriminatory as long as the County opens the position up to the public to be able to apply for the job. Commissioner Jacobs asked Mrs. Everett-Perry whether there was a comprehensive succession plan and if so, was there was a projected date of its completion. Mrs. Everett-Perry stated that the long term goal is to come up with a comprehensive plan and it will require the assistance of the whole enterprise. However, at this time Mrs. Everett- Perry does not have a set projection date of completion.

Commissioner Jacobs wanted to know how often the County needs to review compensation plans. Mr. Rojas stated that the County should be reviewing compensation plans on an ongoing basis. Mr. Davis stated that we should be reviewing the compensation plans every 3 years, at a minimum, to identify where the County is in the market place. In addition, Mr. Davis stated that the County attempts to remain competitive by providing good compensation plans which include: flex hours, good health plans, and paid parental leave.

Mr. Rojas expressed his concern about compliance risk that could be costly to the County. He believes that the County should look into adding a compliance office or compliance team to address compliance issues. Mr. Davis stated that the County does not have a dedicated compliance office because of a lack of funding. Commissioner Jacobs suggested that the County evaluate existing employee's workloads to determine if responsibilities could change or if there are opportunities for employees to perform compliance duties. Mr. Davis responded that Managing for Results will help the County identify areas that need resources and find ways to allocate those resources. Mr. Manuel Rojas wants the minutes to reflect that this committee discussed compliance and the possibility of evaluating compliance as a future function that the County may need to add to the program.

D. Old and New Business

None.

E. Next Meeting Date:

March 14, 2017, 3:30 P.M.

IV. Adjournment

There being no further business, the meeting was adjourned at approximately 4:51 PM.