



**June 13, 2017**  
**Durham County Audit Oversight Committee Minutes**

**I. Call to order**

The meeting was called to order at 3:31 PM in the Durham County Manager's Conference Room; 200 East Main Street, Durham, NC 27701

**II. Members**

Present: Mr. Arnold Gordon, Vice Chair; Mr. Harrison Shannon, Secretary; Commissioner Wendy Jacobs; Commissioner James Hill, Commissioner Heidi Carter (Alternate), and Mr. Wendell Davis, County Manager (Ex- Officio).

Absent: Mr. Manuel Rojas, Chair

Presenters: Claudia Hager, General Manager; Greg Marrow, IS&T Director; Richard Edwards, Internal Audit Director

Others Present: John Myatt, IS&T Assistant Director  
Kierra Simmons, Internal Auditor  
Alecia Amoo, Internal Auditor

**III. Business**

**A. Prior Meeting Minutes**

Ms. Simmons informed the Committee that she made corrections to several typos found in the minutes. Mr. Harrison Shannon moved and Commissioner Wendy Jacobs seconded the motion to approve the amended minutes. Minutes were approved unanimously.

**B. Follow-up Discussions on Internal Audit Engagements**

**Succession Planning**

Claudia Hager presented a Succession Planning update which focused on key areas in succession planning: (1) a capacity and needs assessment, (2) developing and implementing the plan, and (3) monitoring and managing the plan. Ms. Hager stressed the importance of Durham County creating an expectation for current County employees to continually train and prepare to

transition into key leadership roles. She also communicated the need to bring in additional talent to address workload issues in the County. Additionally, Ms. Hager discussed the SAP Success Factors and Development module that will monitor succession planning in the County. Mr. Wendell Davis stated that this module affords the County the opportunity to see where employee talent and training is so that the County can identify individuals who possess the requisite skills and training to transition into leadership positions. Mr. Harrison Shannon asked about the budget to facilitate employee training and also communicated the idea that employees who are trained should also train others within the County. Mr. Davis explained that the County does have some funds for training. Ms. Hager acknowledged Mr. Shannon's idea of employees training other employees and said that the County will be able to use the SAP Success Factors and Development module to identify the types of training people had and tap into those resources.

### **IS&T Risk Assessment on Cloud Applications**

Mr. Greg Marrow provided an update on the IS&T Risk Assessment on Cloud Applications. IS&T developed a draft "Cloud Services Policy" to guide Durham County departments seeking to use cloud applications. This policy was drafted to address concerns brought to IS&T's attention at the last AOC meeting. The policy outlines important information such as background information regarding cloud usage, procedures for cloud usage, and cloud services approved for County use. Mr. Marrow explained that the draft policy will be sent to the Executive Cloud Services Committee for approval on June 22, 2017 and IS&T expects this policy to be implemented sometime in the next fiscal year. Commissioner Wendy Jacobs asked Mr. Marrow how this policy would be distributed to the staff and Mr. Marrow responded that there will be various meetings, including meetings with Department Heads, to implement the new policy. Mr. Marrow also pointed out the types of cloud services that will not be approved for County use and he stated that IS&T will go through the proper approvals and notifications so that everyone in the County knows which services can be used.

### **Gasoline Card Controls Engagement**

Claudia Hager presented an update on the Gasoline Card Controls. She informed the Committee that several corrective actions have been initiated to enhance controls, such as communicating with Department Heads to encourage timely gas purchase reconciliations, and the creation of an instructional video, which shows employees how to use the gas cards and how to submit receipts. In addition, Ms. Hager is exploring more efficient ways to ensure receipts are accounted for, such as encouraging users to take pictures of their gas receipts prior to submitting them so that there is an electronic record of receipts. Mr. Edwards suggested that employees be educated about only using the gas cards for fuel due to the Internal Audit finding one instance in which an employee used the gas card for a car wash. Mr. Edwards explained that the County has other procedures in place for employees to obtain car washes for County vehicles; however, the gas cards are for gas only.

### **Compliance Management**

Ms. Hager provided the committee with an update of organizational compliance within Durham County. She explained that in NC, local governments typically do not have a separate compliance offices, but they ensure compliance through a

combination of departments such as legal affairs departments, internal audit, and risk management. Although Durham County does not have a compliance office, there are about 31 positions in various departments that address a variety of compliance issues. Mr. Harrison asked if any of these departments come together to share issues and concerns. Ms. Hager responded that there has been some cross discussion within the Organization Structure Team about compliance risks and Internal Audit can facilitate more discussions about compliance.

**C. Discussion of Proposed Annual Audit Plan- Mr. Richard Edwards**

Richard Edwards discussed the proposed Annual Audit Plan for FY 2018. In creating this audit plan, Mr. Edwards intentionally left room for the next Internal Audit Director to augment the plan as necessary to meet his or her objectives. In addition, he created the audit plan to reflect the reduced staff availability for the upcoming fiscal year. Mr. Shannon moved to adopt the proposed Annual Audit Plan for FY 2018, with room for the new Director to amend it, and Commissioner Jacobs seconded the motion. The audit plan was unanimously approved.

**D. Discussion of 2018 Officer Selection- Mr. Arnold Gordon**

The Committee selected the officers for FY 2018. Mr. Shannon nominated Manuel Rojas as Committee Chair and the remaining voting members unanimously agreed. Mr. Shannon nominated Arnold Gordon to be the Vice Chair and Commissioner Jacobs seconded the nomination. Mr. Gordon nominated Harrison Shannon to be the Secretary and Commissioner Jacobs seconded the nomination. All members were in favor of each elected nominee.

**E. Farewell to Richard Edwards**

Internal Audit Director, Richard Edwards, will be retiring this week. Mr. Gordon acknowledged Mr. Edwards' ten years of service as Internal Audit Director and thanked Mr. Edwards for his commitment to Durham County.

**F. Old Business**

None.

**G. New Business**

None.

**H. Next Meeting Date:**

September 12, 2017, 3:30 P.M.

**IV. Adjournment**

There being no further business, the meeting was adjourned at approximately 4:32 PM.