



**December 14, 2021**

**Durham County Audit Oversight Committee Minutes**

**A. Call to Order**

The meeting was called to order at 3:00 pm virtually on Microsoft Teams. The meeting was recorded and transcribed.

**B. Members**

Present: Dr. Nicole McCoy, Chair; Mr. Arnold Gordon, Vice Chair; Interim Manager Claudia Hager; Commissioner Brenda Howerton; Commissioner Wendy Jacobs; Mr. Manny Rojas

Presenter: Darlana Moore, Internal Audit Director

Others Present: Patricia Burnside Jones, Senior Internal Auditor; Mischa Preston, Internal Auditor; Jerry Roy, Internal Auditor

DSS: John Kenion, Administrative Officer; Ben Rose, Director of Social Services; Catherine Williamson-Hardy, Deputy Director of Social Services; Margaret Faircloth, Assistant Director of Social Services; Sherry Rodgers, Social Work Supervisor; Contessa Sawyer, Social Work Supervisor; Lynn Thomas, Social Work Program Manager; Christy McMillan, Administrative Officer; Janeen Gordon, Assistant Director of Social Services; Lee Little, Social Work Program Manager; Bila Louima, Social Work Supervisor;

IS&T: Lyvon Garth, Assistant Director of IT; Greg Marrow, CIO

OOS: Vincent Ritter, Director of IT; Clarence Birkhead, Sheriff; Johnny Hawkins, Chief of Detention Services; Thomas Cote, Major of Operations

Other: Lechelle Feinberg, Executive Assistant to County Manager; Kelly Inman, COO

## **C. Business**

### **A. Discussion and Approval of September 14, 2021 Minutes**

Dr. McCoy motioned for the approval of the September AOC Meeting minutes. Mr. Gordon and Mr. Rojas seconded the motion. The motion passed.

### **B. Special Meeting**

Dr. McCoy then moved the discussion to the next agenda item: voting to hold a special meeting to review the CAFR/Single Audit report. Dr. McCoy verified that Interim Manager (I.M.) Hager was on the call, and I.M. Hager then shared that the finance team is expected to submit the annual financial report on December 20<sup>th</sup> and that she can give the Board and the Audit Committee a formal date once the report is submitted. I.M. Hager referred the group to the email Darlana Moore had previously sent out regarding the status of where things are with the CAFR/Single Audit progress. I.M. Hager stated that they are anticipating the special meeting to happen the last week in January or the first week in February and added that she wanted to have some options or take a poll for dates the board of commissioners would be available. Dr. McCoy then asked Mr. Gordon and Mr. Rojas if they expect to be local around that time. Mr. Gordon responded that he would be home.

Mr. Rojas then pointed out that the delay in issuance of these reports is pretty unusual and that they usually hear the report in December rather than February. He asked what the reasoning behind the two-month delay is. Mr. Gordon agreed. I.M. Hager responded that the report was late last year as well and there have been other times it was delayed as well. She mentioned that there were a lot of senior positions that left the organization and were replaced with new staff, which was a major reason for the delay. Some of the turnover was due to fatigue, new opportunities, and retirements, and three of the employees who left have already tried to return. She added that they have been looking at what is happening in other jurisdictions as well and that some of those places are having the same issues. The intent is to submit the final financials by next week, and the county is in good financial situation with reserves having grown about \$30,000,000. I.M. Hager again mentioned that the staffing changes were the main cause for the delay and added that even the internal audit department had turnover issues during the year and that the timing factors are just a part of bringing new people on board.

Mr. Rojas asked for confirmation that the reason for the delay is not related to issues found during the accounting review or financial review, and I.M. Hager verified that is not the case. She continued, adding that they are almost finished up and it is just a matter of having new staff. She added that she has been doing this for many years and it is not uncommon with new staff for there to be extra

steps involved – even seasoned staff are not familiar with your systems and there is additional quality control and work checking done.

Mr. Rojas followed up stating that the reason for his concern is that this is not the first year that this audit firm has done this audit; they have done it for a number of years and should be familiar with our systems and the way we do things. That is the reason he is asking, why the delay? In previous years he was a member of the board, there was always timely reporting of the CAFR and he is concerned and hopes that we can quickly resolve the issue and put it behind us.

I.M. Hager clarified that it's not the audit firm, rather the finance department that saw the turnover, and the audit firm is on standby. They are even going to realign their holiday time to make sure that they can move quickly with their review. It's the county staffing component that has caused the delay, not the audit firm.

Dr. McCoy asked if there were any other questions, and Director Moore pointed out that Commissioner Jacobs had her hand up. Commissioner Jacobs then mentioned that she knows they were talking about maybe the last week of January, but that both she and Commissioner Howerton would be at the Regional Transportation Alliance meeting trip the last 3 days of January and she wanted everyone to be aware of that in terms of scheduling. I.M. Hager said okay, and Dr. McCoy thanked her and added that they will probably be looking at the week before if not February. She then asked if there were any additional questions regarding agenda item number three.

Mr. Rojas interjected with one additional question asking if they had heard from the LGC on their approval of the report and if they had had a chance to look at it yet. I.M. Hager said no, because it has not been submitted yet and that once it's passed to the external auditors and they finalize it, it will go to the LGC. She added that the LGC is probably going to have a bottleneck because a lot of other jurisdictions are also a little bit late. Even with getting their review from the Governmental Finance Officers Association on the last CAFR, that was delayed and that feedback is used as well as the current one and they just received that. She stated that they just got that certification about a week and a half ago and that while it normally takes 6 months, it took almost 12 and there has been a ripple effect happening in a lot of different places. She is hoping that the LGC will review pretty quickly – they pushed the county faster last time because the county was issuing debt and they usually try to work to do their review as quickly as possible. She will keep everyone posted.

Dr. McCoy asked if there were any other questions; there were none. She recapped, stating that they will be considerate of the travel plans the BOC members have the last few days in January and will be either looking at the second to last week in January or the first week in February, and that they will keep Director Moore updated.

## **C. Current Audits**

Dr. McCoy then opened the floor to Director Moore for agenda item number four.

### **i. IS&T Risk Assessment**

Director Moore stated that she would first go over the IS&T risk assessment. She said the last time a risk assessment was done was 2017, and that these are essential to the organization to pinpoint the strengths and weaknesses within our IT services, both for the Office of the Sheriff and for Durham County. She indicated to Greg Marrow and Lyvon Garth that they could now discuss their risk assessments and that Vincent Ritter and John Rooks will follow for the Office of the Sheriff.

Mr. Marrow began – they have completed the risk assessment that Director Moore put together and sent. He is going to let the Chief Information Security Officer cover anything major that needs brought to this body and turned it over to Mr. Garth. Mr. Garth said that the majority of the 45 items in the risk assessment appear to be low risk for the county due to mitigations in place – be it policies and procedures or technologies in place to address those vulnerabilities. Most of the items in the assessment were related to mobile device management and there are a lot of controls in place with their Mobile Device Management solution as well as policies in place for managing those devices. In summary, as everyone knows, a few years back the county was hit with a ransomware attack. They have been very aggressive since then addressing risk in the county whether it's with mobile devices, laptops, or computers. He thinks that is why most of the responses are pretty low risk in the risk report, as Lyvon said.

Mr. Rojas had a question after going through the results of the survey questionnaire, noting that the main issue seems to center around remote access – that being phones using unsecured Wi-Fi and allowing these devices to communicate through unsecured networks. He asked Mr. Garth to speak to that.

Mr. Garth said that one of the items that they realized with remote management is that in order for a user to access County resources, they require multifactor authentication to get to those devices or services. So, if they are trying to access any kind of resources remotely, they are required to use the County VPN solution to get into the accounting network, which still requires multifactor authentication. So, from an email standpoint, they do have email on their mobile phones, but even in those cases, they still require multifactor authentication to access that information as well. Mr. Rojas asked if that is each time someone wants to send an email, they must reauthenticate themselves? Mr. Garth answered only when they initially start the session, they require MFA. Mr. Rojas asked what about

the other Wi-Fi issue, unsecured Wi-Fi networks? Mr. Garth answered that this is one of those things that becomes difficult because you can go to different hotels and things like that, and you still want people to be able to work remotely, which still requires folks to use their VPN on those devices to actually access County resources. Mr. Rojas said that he understands that in a hotel or public area that sometimes Wi-Fi is the only way to get through but wondered if there is any way to block that on the actual device. He asked if there is any way to block the use of unsecured Wi-Fi access. Mr. Garth said that he believes there is a capability that can be built as far as detecting unsecured Wi-Fi and not allowing those permissions, but that there could be an impact from the user perspective if they must use Wi-Fi from an area that may have unsecure access and that it is a tradeoff. Mr. Rojas asked if when traveling staff could communicate through their phones using a hotspot. Mr. Garth said yes, the phones have hotspot capabilities. Mr. Rojas said that with that available for us, you could block the Wi-Fi when in the hotel to be able to force them to use the Wi-Fi on their phone through a hotspot. You can better control the access – what do you think Greg?

Mr. Gordon stated that the phones work on Wi-Fi and how else can a guy in a hotel use his cell phone?

Mr. Marrow said that what he thinks he is hearing is that Manny's idea is an option – for those employees who travel a lot, maybe the county can give them a hotspot and they can use that to connect and get on the internet as opposed to going through an unsecured wireless network. He added that that certainly is an option. Mr. Rojas mentioned that he brought this up because he found himself in two situations this year where in one situation Wi-Fi was public, and so in order to communicate through a more private network he had to use the hotspot on his phone. In the other situation there was no signal except the Wi-Fi signal in the hotel, and he went through his phone to the hotel network but still an unsecure network. So, it can be a logistics problem. Mr. Rojas thanked Mr. Marrow. Mr. Garth added that the other thing to remember is that every employee would need a county phone to be able to do that.

Mr. Rojas followed that that is a real issue with people working from home now and using personal equipment. Employees use personal equipment, personal Wi-Fi, and personal internet service to communicate so they can work from home. He thinks at some point if we are to continue this, that will need addressing. Some folks do not have the high-speed Wi-Fi and high-speed internet that is required to communicate properly. Mr. Rojas thinks that maybe that should be something that will be looked at going forward if we are going to continue work from home policy.

Dr. McCoy thanked them for the discussion.

Mr. Gordon asked if we could look at threat number 30 – lack of software controls to prevent sensitive data from being copied. He asked for an update on where things stand regarding IS&T implementing a solution to identify sensitive data. Mr. Garth stated that he is in the early stages of that project and that they are just getting through a lot of the configurations with the tool, and that they are looking to get the processes and policies in place starting in February. He added that they have a lot of configurations being done right now to help identify this information.

Mr. Gordon then went back to threat number 27 – lack of inventory of County issued devices. He said that this seems to indicate that maybe we don't have tight control about people who get county issued devices and don't turn them back in. Mr. Garth responded that that is some portion of the issue. He said that this is something they are looking at purchasing an asset management solution to track all of the assets as they are coming into the County until they are no longer in use. And part of that too is they need to look at processes when someone is terminated from the County, ensuring that those assets are identified that belong to that user and bring them back into inventory so they are aware of everything that was brought back.

Mr. Gordon mentioned that he is focusing only on the highest risk scores, and another was threat 45. He added that the comment to the threat was that IS&T is in the early stages of planning for an IT asset management tool and asked for an update on that if any. Mr. Garth responded that it is the same as before, in that they are in the early stages of procuring an asset management solution to help with tracking inventory as well. Mr. Gordon said that's all he had.

Director Moore said she had a question regarding if we have a problem tracking the devices or if individuals are not turning the devices in. The question is, is the data or the information that's on those devices leaving with the employee when they leave the county, and at the department level, we have to have something in place for accountability purposes. Mr. Garth agreed and said that departments should be tracking those assets. Mr. Marrow added that if it is a mobile device in question, the device can be wiped remotely (except Laptops). Mr. Rojas added that inventory control is not just an IS&T problem, but rather county wide problem. He said that the county should have inventory over all county equipment, not just technology. He added that it's not just Greg's problem, it's probably a county wide issue to be able to keep up with the inventory and have a way to get rid of things once it ages out or breaks down – whether it's a computer or a truck, it doesn't matter. He imagines that each department would have its own inventory of items and equipment issued to them. It is a County wide issue and he is sure that the county faces that problem right now with inventory, and it's been a problem for every company he has ever

worked for. Keeping track of inventory, especially phones and laptops, is a real issue and he thinks it's a very good point that if the phone or laptop is not turned back in, do we have a way to remotely wipe the equipment.

Mr. Gordon added the suggestion that in the federal government, you can't get your last paycheck until all inventory sources are cleared. Director Moore confirmed this and clarified that phones can be wiped remotely, but the laptops cannot and therefore we need a County wide policy concerning inventory of these assets because the onus should not be on IS&T, but at the department level. She added that there should be some random audits from IS&T to make sure that their records reconcile with those within the department. Mr. Marrow agreed. Mr. Rojas emphasized for it to be noted in the minutes that this is a county wide concern. I.M. Hager said that they can come back with a county wide policy and bring that to the next meeting. She added that she was used to a county wide policy and lower thresholds on assets that we're tracking coming from the state. They tracked almost everything and so she knows that some departments likely have more consistent patterns than others. She knows that the county has some controls for when folks leave the organization, but consistency needs to be in place for that, so they will bring that back in March.

Director Moore added that there also needs to be a disposal policy for IS&T for how various assets are disposed. Mr. Marrow followed that some of that has been covered today. Mobile devices are returned to the vendor, and laptops and computers are donated to different agencies in Durham who are providing laptops and computers to needy families in the community. Director Moore verified that those devices are all being wiped before that happens, and Mr. Marrow confirmed.

Mr. Gordon stated that there is no such thing as being wiped, and that everything is recoverable if you are very technically savvy and have good equipment. Mr. Marrow agreed.

Director Moore asked if there were any other comments concerning IS&T.

Commissioner Jacobs circled back to what Mr. Marrow had been discussing, adding that she is very proud of what we do working with Triangle Eycling and the Kramden Institute. Her understanding is that they double check to ensure that devices are completely wiped, and then provide those devices to people in the community, which is really great. Mr. Marrow confirmed she is correct in that these organizations do a double check.

## **ii. OOS IT Risk Assessment**

With no other comments or questions, Director Moore moved on to the Office of the Sheriff. She noted that there have been previous meetings between Mr. Marrow's group and Vincent's group in an attempt to parallel

the systems within both organizations, and the Sheriff's area is lagging a little bit due to low staff and the need for an increased budget. She put on the record that there are some deficiencies but that the Sheriff needs funds for a better presence and to bring them up to the level IS&T is at. She then handed it over to Vincent Ritter, Director of IT.

Director Ritter began by touching on the deficiencies that Director Moore mentioned, adding that they are playing catch up. The Sheriff's Office lacked a lot of systems that should have been in place before Sheriff Burkhead came into office, and he has been pushing the group to get there. One of their biggest deficiencies that they are working towards relates to a mobile device management system for cell phones, which they plan to have in place by March. Microsoft 365 has a mobile device management system built in, but they just got Microsoft off the ground in 2020 and they continue to steadily add the correct pieces to make sure they are safe and protected. He reemphasized that if all goes according to plan, they expect the MDM to be done by March of 2022.

Dr. McCoy asked if there were any questions, to which Mr. Rojas responded asking for clarification regarding how many computer system departments the county has. Mr. Marrow confirmed that IS&T and the Sheriff's IT department are the only two tech departments the county has. Mr. Rojas asked what the magnitude of the Sheriff's system is to the county system, to which Mr. Marrow and Director Ritter both agreed the Sheriff's system is smaller, though just as complicated.

With no further comments or questions, Dr. McCoy noted that Director Moore could continue. Director Moore then moved to the next discussion item, the CIP & LIEAP audit, and thanked the IS&T members and Office of the Sheriff participants and welcomed them to leave the meeting.

### **iii. CIP & LIEAP Audit**

Director Moore gave an update regarding the audit plan in that things are right on target with everything looking great as far as finishing the plan this year and added that she speaks highly of Mischa, Jerry, and Ms. Burnside. She said that they have been a great group of people to work with, quick learners, and hard workers. She gave her kudos in advance, and then turned the CIP & LIEAP audit over to auditors Mischa Preston and Jerry Roy, who were the auditors on this particular engagement.

Ms. Preston thanked Director Moore and thanked everyone at DSS for their time and help during the audit. She stated that she and Jerry would be splitting this up, briefly going through each finding and opening the floor for comments and questions from either DSS or the committee.



Ms. Preston started with the first finding – the vault room safe. She stated what the auditors noted when they were on site that inside of this vault room is a safe that was open and unlocked at the time of the visit. She noted that this safe contains sensitive information that should be safeguarded with limited access to staff who have the code and added that they believe the safe should be closed after each use to prevent items being misplaced or stolen. She asked the group if there were any comments or questions on this finding.

Mr. Rojas asked if there is an inventory of all of the items in the safe. Ms. Preston responded that she did not want to speak for DSS. She knew that there is not a log tracking the in and out of items within the safe, outside of a log that tracks one particular set of items but asked for someone at DSS to speak to whether or not they have a separate inventory system. Ms. McMillan responded that in order to get into the vault room, you have to have badge access. She said that items within the safe includes food cards, blank check stock clothing vouchers, visa gift cards, and other items, and that there is a log that covers the movement of the food cards in the safe. Ms. Preston then verified that the items outside of the food cards are not tracked with an inventory list or anything like that, to which Ms. McMillan responded that there is not a physical inventory log currently.

Mr. Rojas added another question, asking if there is a safe custodian whose responsibility it is to oversee the safety of what is being added and taken out. Ms. McMillan said no, there is not. Mr. Gordon then asked if there was a way to look back to see who entered the safe on a certain day, even a certain time. Ms. Preston answered that no, there is not a way to see who accessed the safe or when. You would be able to see who entered the room because you have to use your badge to access, but the safe itself just has a code that is the same code for each employee who has it – so there is no way to tell who accessed the safe itself. Director Moore added that the safe is left open all day, and Ms. Preston added that it is left open all day due to the frequent in and out use of the safe.

Mr. Gordon asked for a description of the safe and the room to get an idea of the size. Ms. Preston explained that the vault room is a room itself – an oversized closet or small office sized room that holds several filing cabinet systems. What is being discussed currently is a safe that is within that room. She described the safe as being roughly 7 or 8 feet tall, 3 feet wide, 2 feet deep, made of heavy metal, and requiring a code to unlock. Mr. Gordon then clarified that he was specifically asking if there is a computerized log or computerized entry system that can tell who accessed the safe at a given date and time, to which Ms. Preston, Director Moore, and Ms. McMillan all responded no. Mr. Gordon said he does not know where that leaves us. Director Moore added that DSS made the decision to limit access to the room rather than limit access to the safe to preserve the

physical integrity of the safe, as DSS has said that the repeated opening and closing of the safe could cause it to break. The solution DSS came up with was to instead limit badge access in the room to only those who have access to the safe as well. Director Moore added that we also discussed with them about inventorying all of the assets in the safe.

Mr. Rojas asked to pursue that for a second and asked if there is any kind of a record as to the people that go into the room each day. Is there some kind of automated system that keeps track of who is going in, since the room requires you to flash your badge on the badge reader to enter, is that being recorded anywhere? Director Moore answered that yes, every time a badge is swiped for that room, the history can be accessed from security for everyone who entered, including day and time. Mr. Rojas verified that a log could be pulled of all people who entered the room on a particular day, and Director Moore answered that yes, however, there is not a way to tell you everyone who accessed the safe inside, nor would you be able to tell when or if two or more people enter the room together with only one badge swipe. Mr. Rojas stated that yes, but if there was ever any common incident, all of those persons could be questioned. He also added that it's another issue if someone else is entering the room with you who is not authorized, that is obviously an infringement. Ms. Inman added that the county has a strict piggybacking policy into rooms, so staff are never to badge into a room or let anybody follow into a room; everybody has to badge individually. Director Rose asked Ms. Inman if there was a security camera attached to that room, to which she responded that there is not. He said that could be another internal control to consider as well, in addition to the other changes. Mr. Gordon said that was a very good recommendation, and Mr. Rojas agreed.

Mr. Gordon asked for an idea of the extent of the risk here, how much at maximum in terms of gift cards or debit cards or anything else in storage at one time? Director Moore referred the question to Ms. McMillan, who said that there are probably \$10,000 worth of clothing voucher gift cards in the safe at any given time, and they range from \$150-350. Food cards are smaller denominations at \$25, and she estimates maybe \$4,000 worth of funds there. Bus passes have dwindled over the last year, and she estimates around \$1,000. She stated that these cards are all kept in a smaller safe inside the standard safe in the vault room.

Ms. Preston asked if there were any other questions. There were none, and she moved on to the next finding – locked drawers. She stated that when the auditors were on site, the accounting tech II, has desk drawers that are lockable and contain things such as check stock, signature stamps, and files that contain personal identifiable information. The auditors noted on their return from a separate meeting space with the accounting tech II, these drawers were not locked. She emphasized that with the nature of

the sensitive items in these drawers, there is some potential risk there if these items were to get in the wrong hands and recommended that these drawers be locked when left unattended for even small amounts of time. Ms. Preston asked if there were any questions or comments.

Director Rose said that he thinks they should respond to that since they did disagree with the finding and asked if Mr. Kenion would like to present. Mr. Kenion said that Ms. McMillan could jump in whenever necessary, and that on the date in question, there was a brief meeting in the conference room which is just feet away from this employee's desk. He stated that he remembers the employee going out and the other staff talking with the auditors on their way back to her desk. He said that as we met as a group, he did not witness the drawers being locked or unlocked and referred to Ms. McMillan. Ms. McMillan stated that the accounting tech had stepped out just a couple minutes earlier than the auditors and other staff to go back to her desk. As conversation was wrapped up with the auditors, the accounting tech II was at her desk unlocking those drawers.

Ms. Preston responded that we had reviewed that finding response with DSS previously, and that their response is noted in the report. However, she noted that the auditors remember things happening differently in that timeframe, and that's why the finding remained. She stated that either way, both parties agree that the drawers contain sensitive information and they need to be locked as much as possible to keep the items inside secure. Ms. McMillan agreed and said that the staff member does continue to keep that key with her and locked and unlocks when necessary.

Ms. Preston asked if there were any other questions or comments. There being none, she continued to the next finding – written procedures. She stated that for bank reconciliations, check processing, and the QA process, while there may have been some process that was documented, it was not formalized. There was no documented review by management, no date, and no letterhead. She stated that the procedures do need to have formal policies to prevent unauthorized practices from becoming policy and to give management a document to review on an annual basis for updates. Director Rose added that they have a goal to make a formalized business operations manual as well, which will include formalizing the existing policies. He stated that DSS has tried to follow county policy and create procedure for those policies, but they are going to have a more formalized approach to that.

Ms. Preston asked if there were any other questions or comments. There being none, she continued to the next finding – segregation of duties. She said that the auditors noted that backup personnel who would be able to perform the bank reconciliation are also authorized check signers and that for proper segregation of duties, the person doing the reconciliation should

not have check signing authority. Mr. Gordon asked if the checks require two signatures. Ms. Preston and Ms. McMillan answered yes.

Mr. Rojas said that in cases where it is difficult because of insufficient manpower, would a dual controlled process be acceptable? In other words, having two people do the reconciliation for example. Ms. Preston said that is not something that had been discussed thus far. She opened the floor to DSS and mentioned that she believes they had a plan in place to address this issue if someone could speak to that. Ms. McMillan said they are changing the signing authority on the checks so that the backup personnel would not also have the signing authority for that account. Mr. Rojas said that brought up another question, when the checks are signed is this an actual physical person writing their name on the check or is there a stamp? Ms. McMillan responded that 90% of the time it is a handwritten signature by two different staff members, but in a situation where they are not both available, there is a stamp that can be used because of the time sensitivity of payments. Mr. Rojas asked what the control over that stamp is? Ms. McMillan answered that the stamp is in the locked drawer. Mr. Rojas asked who has access to it, and Ms. McMillan said the accounting tech. Mr. Rojas suggested they may want to consider maybe having two different people have access to that stamp rather than just one. Ms. McMillan thanked him for the suggestion.

Ms. Preston asked if there were any more questions. There being none she moved on to explain the next finding, Voided Checks. She explained account information should be removed or redacted from voided checks retained in the office to prevent that information from ending up in the wrong hands.

There being no comments or questions she moved on to explain the next finding, Missing CIP Documentation in Laserfiche. She explained that in all 16 CIP application sampled at least one important piece of supporting documentation was missing from the Laserfiche file. She asked if there were any comments or questions.

There being no comments or questions she moved on to explain the next finding, CIP Application Processing Timeframe. She explained that in one out of the 16 application sampled the application was approved or denied after the timeframe prescribed for CIP applications by the Energy Programs Manual was exceeded. This application should have been denied and the applicant should have reapplied.

There being no comments or questions she moved on to explain the next finding, CIP Annual Limit Exceeded. She explained that the CIP program allows for an applicant to receive up to \$600 per year. During the audit it was discovered that one applicant received \$972 in CIP money during the year.

There being no comments or questions she moved on to explain the next finding, CIP Application Income. She explained that this finding is because in one instance the income used to determine eligibility was net income and the Programs Manual states gross income should be used for eligibility. In another instance the supporting documentation did not support the income amount used to determine eligibility.

There being no comments or questions she moved on to explain the next two findings together since they both related to applicant signature. She explained that in 3 of the sixteen CIP applications sampled the Laserfiche files did not contain evidence of applicant signature. This signature could be a physical signature on a signature page, or it could be a telephonic signature indicated in the case notes.

There being no comments or questions she turned it over to Jerry Roy to continue presenting.

Mr. Roy continued with the next finding, LIEAP Processing Timeframe. He explained 8 of the 20 LIEAP applications that were sampled were approved or denied beyond the timeframe allowed by the Energy Programs Manual.

There being no comments or questions he moved on to explain the next finding, Missing LIEAP Documentation. He explained that 10 out of the 20 LIEAP applications sampled were missing at least one important piece of supporting documentation.

There being no comments or questions he moved on to explain the next finding, Failure to Obtain Signature for LIEAP applications. He explained that for 3 of the 20 LIEAP applications sampled there was no evidence of applicant signature retained in the Laserfiche file.

Mr. Rojas asked who was responsible for transferring the physical copy into Laserfiche.

Ms. Preston explained the process for getting files into Laserfiche and stated that it was the case worker's responsibility to upload documents into Laserfiche. Mr. Rojas thanked her for the explanation.

Director Rose then spoke to the newness of the CIP and LIEAP programs to NC FAST and the difficulties that can arise from having a lot of this done by temp workers. Mr. Rojas asked what NC FAST was and Director Rose explained that it is the case management system that the state has established for a variety of economic assistance programs. Sherry Rogers further elaborated that Laserfiche is the County's document imaging system and that applications are completed in NC fast and then moved to Laserfiche.

Mr. Roy then moved onto explain the next finding, Quality Assurance and Training. Mr. Gordon made a point of order asking the Chair if they were

going to go through every finding. He asked if, for the sake of time, the findings could be summarized. Director Moore responded and said that if there are particular findings the committee wanted addressed, they could focus on those.

Dr. McCoy asked if there was going to be any parallels between the findings here to the external audit. Director Rose responded that the one finding in the County single audit is regarding the QAT team and that they are investing a lot of time into the QAT side of things, trying to improve the tools and provide training. He mentioned the budget this year allows for an increase in QAT staff.

Lynn Thomas mentioned the QAT team is working on revising their review tools and that they are looking to transition that into a different system so that it is managed by Quality Assurance and Training rather than relying on the County IT folks in order to make revisions and updates to the tool.

Dr. McCoy thanked Director Rose and Ms. Thomas for their responses and asked if there were any more questions on the audit report. Mr. Gordon mentioned that he's been focusing on the ones that management disagreed with and pointed to the Bank Reconciliation finding. He asked to hear from management regarding that finding.

Margaret Faircloth explained that these checks do not follow the escheat process. That when funds are returned, they go back to the State into the funding allocation.

Director Moore said even with that being the case staff didn't know that process either and that's why the finding stands.

Mr. Rojas asked, how long do outstanding remain outstanding before any action is taken on them?

Ms. Faircloth stated that it wouldn't be long at all because of the nature of the CIP and LIEAP programs.

Mr. Rojas asked if there was some type of outstanding checks report that was generated.

Ms. Rogers said certain energy companies have portals that keep track of payments and pledges once they receive them from the County.

Mr. Rojas thanked Ms. Rodgers. Dr. McCoy asked if there were any other comments or questions regarding the CIP/LIEAP audit?

Commissioner Jacobs thanked the audit staff for the level of detail shown in the audit stating that it was helpful to the DSS staff. She also spoke to how much DSS has on their plate with the increase of people needing assistance due to COVID.

Commissioner Jacobs and Director Rose talked about having new positions in the budget for QAT because of the recommendations of internal audit.

Director Moore thanked Commissioner Jacobs for her comments. She then spoke about the benefits of internal audit and their ability to gain a deeper level of understanding of departments than external audit can and thus be able to provide better value-added recommendations, including added staff positions, as is the case with QAT. She also highlighted that DSS is unique in that they have a QAT function, and that Christie McMillan needs more help in that area because they are now trying to make everything automated with their system. She went on to say, that if we don't have adequate controls at the program level then the QAT process is not going to be as successful as it should be. She also told how at Duke their QA system was linked to their performance evaluations. They based it on quality and productivity based off of those QAT audits. There are many ways QAT can help management.

Director Rose agreed with what Director Moore said.

Dr. McCoy asked if there were any other comments or questions on the CIP/LIEAP audit. There were none so the DSS staff was allowed to leave the meeting.

**iv. Register of Deeds Follow-up**

Dr. McCoy announced that they would move on to the Register of Deeds.

Mr. Roy asked if the Committee would like to open the floor to questions.

Mr. Rojas asked for Mr. Roy to highlight the issues that he felt were pertinent.

Mr. Roy began by going over the PCI-DSS finding. He explained that part of the finding was because the contract with the vendor included language that placed partial responsibility on the County and that language had not changed since the 2019 audit. The Register of Deeds expects to have that resolved by the third quarter of 2022.

Director Moore stated that all of the ownership, or liability, should be on the vendor, and none on the County. Manny agreed.

Mr. Roy moved on to discuss the next item. He stated the Register of Deeds had begun drafting a strategic plan as of the time of the 2019 audit, however, since then they have discontinued the drafting of a strategic. The reason being that it is not a required document and they felt more training was needed to produce a valuable strategic plan.

Mr. Rojas asked of whom is the document not required? The County or the Register of Deeds.

Director Moore answered that it was a document the Register of Deeds was putting together herself, and after COVID and the malware attack they haven't had a chance, or had time, to focus on any extra assignments.

Mr. Roy moved on to the Active Assailant finding, pointing out that the finding was because the Register of Deeds had not received any Active Assailant training, and that continues to be the case. He mentioned they do expect to receive online training between January and February 2022.

Dr. McCoy asked if there were any other high-level issues that need to be discussed.

Mr. Roy answered that he would like to go over the pension fund allocation finding. He explained that the register of Deeds should be taking one and a half percent off the top of their receipts and allocating that to the pension fund. The current system is not doing that. They've tried multiple times and the current vendor just can't seem to make that happen. So, the Register of Deeds is contracting with a new vendor, Tyler Technologies, and they expect that issue to be resolved by May 2022.

Dr. McCoy asked if there have been delays in the distribution of those pension fund checks.

Mr. Roy answered that the office has been manually reconciling where the system fails to take the one and a half percent.

Mr. Roy concluded by saying that is all he had to bring forward, but if the Committee wished him to point out anything else, he would be happy to do so.

Dr. McCoy asked if there were any additional questions regarding the follow-up. There were none. Dr. McCoy thanked the audit team and asked if Director Moore had anything else - she wanted to talk about relating to Internal Audit? She said she did not. She said they are on track to complete the plan and that was all she had to say.

#### **D. Ombudsman**

Dr. McCoy said they were going to move onto number five, the Ombudsman position, and that is Mr. Gordon.

Arnie Gordon said he submitted a background paper with an executive summary and asked if everyone got it. Dr. McCoy said yes. Arnie said he understands the County Commissioners are already looking into this concept, as is the Acting County Manager, so he would leave it there and see what the discussion produces.

Dr. McCoy asked Interim County Manager Claudia Hager if she had any input.



Ms. Hager thanked Arnie for the paper he put together saying it was very comprehensive and that his research was a nice supplement to the research the County had done because it was a broader perspective. She continued that they always try to say, "who's doing it best?" and that his paper helped give them additional places to look. She said that this was going to have to move fast and that his paper, plus benefitting from seeing what happened in Chapel Hill helped them not have to reinvent things.

Arnie said if there's anything else they want to give him to do he'll gladly follow up.

Manny asked, because he wasn't privy to the beginnings of the issue, why is an ombudsman needed? He continued, before we put out the funds that are required to create this position, and that another thing to keep in mind is that an ombudsman has to be completely independent from management. And has to report directly to the governing board, that being the Commissioners. And that it has to be appointed by the commissioners. It's also something that's going to be open to the public, citizens of Durham County, not just the employees of Durham County, so they can bring their questions. And the other thing we have to keep in mind when creating the ombudsman, they can't just take issues from the public and say, "Well, that's an Internal Audit matter." The ombudsman has to resolve that issue by him or herself. They can't just pass it on to somebody else. I think those are very important issues that have to be considered when creating such a position.

Arnie asked if he should respond. He said he thinks it's all addressed in his paper. Dr McCoy said she thinks Manny was just stating it as a matter of record. Arnie said he would just leave it there then and the points were well taken.

Dr. McCoy asked if there were any other comments.

Manny asked the two Commissioners if there was anything the AOC as the oversight board could do to help them. Dr. Howerton thanked him for asking, but said they needed to discuss matters further to get a better gauge of what else they need. Ms. Jacobs echoed what Dr. Howerton said, that at this point there are still discussions that need to be had.

#### **E. Old Business – Closed Session**

There being no further comments they moved on to agenda item number six, old business.

Dr. McCoy read GS 148-318.11(3)(7) and the Committee went into closed session. Jerry Roy, Patricia Burnside, and Mischa Preston left the meeting.