

Audit Oversight Committee

Meeting Minutes

September 09, 2008

I. Call to order

Ellen Reckhow, Vice Chair, called to order the regular meeting of the Durham County Audit Oversight Committee at 4:00 p.m. on September 09, 2008, in the County Manager's, 2nd Floor Conference Room, 200 East Main Street, Durham, NC 27701.

II. Roll call

The following persons were present:

Commissioner Reckhow, Vice Chair
Commissioner Lewis A. Cheek
Mr. Manuel L. Rojas, Member
Ms. Karen Percent, Member
Mr. Wendell Davis, Deputy County Manager
Mr. George Quick, Finance Director, presenter
Mr. Richard Edwards, Audit Director
Ms. Calisha McRae, Auditor

III. Initial business

- A. Vice Chair Reckhow welcomed Karen Percent, the new member. Karen introduced herself to the group and was welcomed for her first meeting.
- B. The June 10, 2008 minutes were approved as read.
- C. The board elected Karen Percent to Chair the 2009 Committee. She took over leadership of the meeting upon her election to the office.
- D. Mr. George Quick, Finance Director reported that the Board of County Commissions had acted upon the recommendation of himself and the County Manager by selecting Cherry, Bekaert and Holland (CBH) as the County's external auditors.

The committee discussed whether or not it had a role in selecting and approving the internal auditor. The By-Laws which give the committee authority to 'work in concert with the Finance Director and the County Manager in making recommendations for the selection of the external auditor" was cited and the

committee decided that it should provide, for the record, its concurrence with the selection. Based upon the current presentation and the history of presentations by Mr. Quick in keeping the Committee informed of the selection process, the Committee voted its approval and concurrence with the selection of CBH as the auditors.

- E. Mr. Edwards responded to Member concerns and questions regarding the July 2008, EMS Audit Report. The Committee voted acceptance of the Audit Report which dealt with cash handling and billing. The Committee raised questions regarding the collection process. Noting that EMS' collection rate is about 60 to 65 percent of billings, the Committee wanted to know if EMS could improve its collection rate. Several topics such as when insurance data should be solicited, whether non-transport calls can be billed, and if specialized collection agencies are used were mentioned as areas to explore for clues to methods to improve the collection rate. The Committee instructed the Audit Director to raise such questions with the EMS Director to determine what its protocols, processes, procedures, and limitations are with a focus on identifying potential for increasing the collection rate. The Committee also instructed Mr. Edwards to include questions regarding the potential for EMS billing patients for medical services it provides even when the service does not result in transporting the patient to a medical facility.
- F. Mr. Edwards provided a status report of the Nonprofit Grant Administration audit, including the conclusions and draft recommendations. Mr. Edwards related some of the conditions he found during the audit including one grantee that used funds for mortgage payments and one agency that appeared to obligate funds for expenses outside of the year for which the funds were granted. The Committee, recognizing that clarifying how funds can be used and enhancing monitoring may require policy changes. The Committee scheduled a special meeting in October to discuss the report in preparation for its inclusion on the November BOCC work session agenda.

Vice-Chair Reckhow stated that audit requirements imposed by the County on grantees is often cited as a burden. She asked that the Committee be provided options, if any, in lieu of audits. Committee proposed that the Audit Director and Finance Director confer on what financial reporting is necessary for grantees to demonstrate financial viability.

- G. A special meeting was called for October 21, 2008 at 4:00 P.M. in the County Manager's conference room to discuss nonprofit agency management changes.

IV. Adjournment

Ms. Percent adjourned the meeting at approximately 5:38 p.m.

Minutes submitted by:

Minutes approved by: