

June 12, 2012
Audit Oversight Committee Minutes
Durham County

I. Call to order

The meeting was called to order at 3:34 p.m. in the County Manager's 2nd Floor Conference Room; 200 East Main Street, Durham, NC 27701.

II. Members

Present:

Manuel Rojas, Chair; William Pierce, Vice Chair; Harrison Shannon; Commissioner Page; Commissioner Reckhow; County Manager Michael M. Ruffin,

Others Attending

Richard Edwards, Internal Audit Director; Brian Welch, Internal Auditor

III. Business

A. Prior Meeting Minutes.

Commissioner Page moved and Mr. Pierce seconded the motion to approve minutes for the December 13, 2011 AOC meeting. The voice vote carried and the minutes were approved.

Mr. Pierce moved and Commissioner Page seconded the motion to approve minutes as read for the March 13, 2012 AOC meeting. The voice vote carried and the minutes were approved.

B. County Manager Michael Ruffin presented the County's Strategic Plan and Internal Audit's role in the plan to the Committee

Mr. Ruffin reported that the County's Strategic Plan was adopted by the BOCC with the following five goals:

1. Community and Family Prosperity and Enrichment;
2. Health and Well-Being for All;
3. Safe and Secure Community;
4. Environmental Stewardship; and
5. Accountable, Efficient, and Visionary Government.

Mr. Ruffin emphasized that each goal has separate initiatives managed by standing teams made up of County employees to implement them. Mr. Ruffin appointed a Strategic Initiative Manager, Michael Davis, whose task is coordinating those efforts.

Mr. Ruffin said first-year initiatives were approved by the BOCC. It is anticipated these initiatives will be completed within five years. The County intends to measure performance of the initiatives and make the information accessible online. Mr. Ruffin

believes Internal Audit ties directly in with the 5th Goal of the Strategic Plan- "Accountable, Efficient, and Visionary Government."

C. The Committee Approved the FY2013 Annual Audit Plan Draft

Commissioner Reckhow moved and Mr. Shannon seconded the motion to approve the FY2013 Audit Plan. The audit plan was approved by a vote of 4 to 1.

Mr. Pierce did not vote in favor of the plan after voicing reservations about the time that was going to be spent on the proposed Health Department Preparedness audit.

D. Brian Welch, Auditor, reported on the status of the on-going payroll audit

Mr. Welch provided preliminary findings of the audit - - late performance evaluation submissions the need for departmental staff to pay close attention to their payroll submissions. The status report was accepted with one addition to the audit objectives. Mr. William Pierce wanted overtime addressed. Mr. Edwards agreed with the request and will include his findings on overtime in the audit report.

E. Richard Edwards provided a status of outstanding Audit Recommendations

Audit recommendations are addressed and updated at each meeting. The June status report is attached. The September meeting will provide current status.

F. Richard Edwards, Audit Director, discussed CPE training

Mr. Edwards provided an update of the status of his annual CPE requirements. He provided the Committee a copy of his May 2012, training itinerary. Additionally, Mr. Edwards reported that staff auditor Brian Welch completed his annual 40 hour CPE requirement.

G. New and Old Business

There was no new or old business addressed at the meeting.

H. Next Meeting Date: September 11, 2012 @ 3:30 p.m.

IV. Adjournment

There being no further business, the meeting was adjourned at approximately 5:05 p.m.

Attachment: June Status report:

**Status of Open Audit
Recommendations**

Department/Audit	Report Date	Implementation Date	Recommendation	Status
Sheriff/2010 Follow-up cash Handling	3/1/10	7/1/2011	Obtain through hiring, training, or other means, qualified personnel to develop and implement financial internal controls and grant them the appropriate authority to implement and monitor them.	The hiring process is underway. Applications received and initial interviewing.
Volunteer Fire Department Financial Audit	12/17/2010	7/1/11	Obtain financial audits to comply with contractual terms.	Available Audits Provided to Committee
Finance Dept./Accounts Payable	3/4/2011	6/31/11	Purge the vendor file of erroneous and inactive records and correct inaccurate tax information reported to the IRS,	Closed
	3/4/2011	Immediately	Develop a methodology to separate purchasing functions from receiving functions at the department user level.	County Manager will identify departments where separation is necessary with a positive cost benefit outcome.
DSS Operations	3/30/12	Immediately	Develop an accounting system to reconcile gift card purchases to the procurement card statement.	Completed
	3/30/12	Immediately	Analyze the number and amount of cards that are used on a monthly basis. This is the number and amount of gift cards that will be requested for authorization from the Finance Director for inventory.	Completed
	3/30/12	Immediately	Develop the necessary signature forms for clients to sign indicating that they received a gift card.	Completed
	3/30/12	Immediately	Determine when it's feasible to hire temporary employees through HR procedures and use that source instead of third party agencies.	Needs follow-up

Prepared by: Richard Edwards, Internal Audit Director