

March 13, 2012
Audit Oversight Committee Minutes
Durham County

I. Call to order

The meeting was called to order at 3:47 p.m. in the County Manager's 2nd Floor Conference Room; 200 East Main Street, Durham, NC 27701.

II. Members

Present:

Manuel Rojas, Chair; Commissioner Reckhow; Michael M. Ruffin, County Manager

Absent:

Commissioner Page (Excused)

William Pierce, Vice Chair

III. Others Attending

Jeff Batten, Fire Marshal; George Quick, Finance Director; Harrison Shannon; Richard Edwards, Internal Audit Director; Brian Welch, Internal Auditor

IV. Business

A. Prior Meeting Minutes.

Minutes were not approved because there was no quorum.

B. Presentation by Jeff Batten, Fire Marshal, regarding financial oversight of the volunteer fire departments

Jeff Batten reported that the VFDs are making progress in better aligning their respective department's accounting practices to County standards. Two of the County's VFDs, Bethesda and Redwood, have already completed their audits. The Finance Director, George Quick, noted that overall the audits of the remaining five VFDs appear to be moving in the right direction with their financial reporting. Two issues that are still worrisome are expenses being reported that exceed the funds the County provided and poor bookkeeping. Commissioner Reckhow and Manuel Rojas suggested that all the VFDs hire a single consulting firm to assist them with their accounting. This will help bring uniformity to the departments' accounting practices. Mr. Ruffin stated that he plans to address this suggestion and present it as a possible choice of action for the VFDs. Mr. Quick said he would provide the completed audit reports to the Committee at the next meeting.

C. George Quick, Finance Director, addresses the status of audit recommendation to purge Accounts Payable master file

Mr. Quick reported that at this time, his department does not plan to purge vendor records from the master data file. He stated that in order to purge these records, the

master data file would have to be archived. Due to the robustness of the SAP system and relative newness and small file size of the data, they have not reached the minimum requirement where they can archive. The increased file size does not impact the system, and Mr. Quick and his management staff do not believe there are significant risks to the County in leaving the data in the SAP system. This recommendation is to be removed from "open" recommendation status to "closed" status.

D. Richard Edwards, Audit Director, reviews status of open report recommendations including the Sheriff's plan to hire a Business Officer

Mr. Edwards reported that the Sheriff's Department is working on hiring a Business Officer. The Sheriff's Department is seeking guidance on the qualifications they should be seeking in a potential candidate for this position. Mr. Edwards has recommended members of the County's finance department to assist the Sheriff's Department in making this determination. Mr. Quick stated the position will require a competent candidate that will be able to set up the proper system and staffing to run the Sheriff's operations effectively. He plans to work in concert with the Sheriff's Department and whoever fills this position to ensure propriety of County funds under his purview as Finance Director.

E. Richard Edwards, Audit Director, provides a status report on the completion of the 2012 Audit Plan including an update of on-going audits

Mr. Edwards reported that his FY 2012 work hours consisted of the following engagements and hourly allocations:

- Mental Health Department/Contract Management --305 hours;
- General Services/Acquisition and Inventory Management – 320 hours;
- Department of Social Services –1125 hours.

He noted that he has worked on the Department of Social Services, special request engagement, since October of last year. He is making the final revisions on this report. Prior to working on the DSS engagement, he was close to completion of the General Services audit. He plans to complete this report as soon as he is able to obtain the remaining information to complete his assessment. Mr. Edwards hired a temporary staff person, Brian Welch, to work on the Payroll Controls audit with the intention that it will be completed in the previous estimated time. Mr. Edwards stated that he will not finish his planned engagements for FY 2012, however, he projects that the payroll and the General Services Audit will be completed by the end of the fiscal year.

F. Next Meeting Date: June 12, 2012 @ 3:30 p.m.

V. Adjournment

There being no further business, the meeting was adjourned at approximately 4:50 p.m.