

February 15, 2011
Audit Oversight Committee Minutes
Durham County

I. Call to order

The meeting was called to order at 3:30 p.m. in the County Manager's 2nd Floor Conference Room; 200 East Main Street, Durham, NC 27701.

II. Members

Present: Commissioner Page, Chair; Manuel Rojas, Vice Chair; Sid Stroupe, Secretary; William Pierce, member; Commissioner Reckhow, member; Michael Ruffin, County Manager

III. Others Attending

Carolyn Titus, Deputy County Manager, Presenter
George Quick, County Finance Director, Presenter
Richard Edwards, Internal Audit Director
Brian Welch, Internal Auditor

IV. Business

- A. Prior Meeting Minutes.** Commissioner Reckhow moved and Manuel Rojas seconded approval of the December 14, 2010 minutes as presented. A voice vote carried and the minutes were approved.
- B. Committee Member Discussion.** Commissioner Page, Chair of the Audit Oversight Committee, began a discussion to address protocol within the AOC. Mr. Edwards, Internal Audit Director, read a statement during the discussion. At the end of the discussion, Commissioner Page left the meeting. Manuel Rojas, Vice Chair presided over the remaining agenda.
- C. Discussion of AOC By-Laws.** The Committee discussed its authority and responsibility as it relates to implementation of management controls and audit recommendations. The majority of members believed Article II, Section 1, paragraphs (d) and (e) of the By-Laws uses language inconsistent with its authority and responsibility. The Committee revised the language as follows:

- (d) To ensure **pursue implementation** of internal controls; ~~are in place and implemented;~~
- (e) To ensure **pursue** County management implements **implementation of** report recommendations.

Commissioner Reckhow moved to accept the revisions, and Mr. William Pierce seconded the motion. The motion passed 3-1 with Secretary Sid Stroupe opposing.

- D. Sheriff Office's Status of Recommendations.** Mr. Michael Ruffin, County Manager, stated that the Sheriff's Office is in the process of obtaining appropriate staff to oversee their finances as per the audit recommendation. Mr. Edwards agreed to sit as a panelist during the candidate selection process to assure that the selected candidate has

credentials that meet the Finance Department criteria for the position. The Sheriff stated in conversations with Mr. Edwards that the position would have the appropriate authority and their planning document appeared to reflect that.

Upon hiring a qualified person for the position, the Internal Auditor and Committee will consider the recommendation implemented. However, the County Manager and policy makers are seeking agreement with the Sheriff regarding who the position will report to.

E. Discussion of VFD and Parkwood Audit Recommendations. Ms. Carolyn Titus, Deputy County Manager, told the Committee that the VFDs are in full agreement with the recommendations from the audit. The Departments are in the process of implementing the audit recommendations.

Mr. George Quick, Finance Director, stated the VFDs are fully willing to comply with the financial audit requirements, and contracts are currently being drawn up between the County and the VFDs. The County will allocate funds within the Finance Department's budget to pay for the financial audits of the VFDs.

The managers and Commissioner Reckhow, as policy maker, will discuss the source of funding for the audits.

F. Recommendation Implementation Status. Mr. Edwards provided Committee members with a summary of the implementation statuses of audit recommendations from FY2010 to present. Commissioner Reckhow found the recommendations from the DSS/Families First Program Contract Audit useful in protecting the County's interest. She followed-up by stating that the DSS Audit recommendations would be useful in all County contracts. She wanted to know if the recommendations have been implemented County-wide. Mr. Edwards responded that Mr. Ruffin sent the report to all Departments but that he had not followed-up beyond DSS. He stated he was beginning a contract management audit at the Durham Center which would give him more information. Mr. Quick stated that as of July 1, 2010, the County's Contract Compliance Officer, Ms. Angela Perry, has been implementing the recommendations from the audit into the County's contracts. Mr. Edwards was instructed to update the Committee on the progress. (Mr. Edwards)

G. Audit Committee Annual Calendar. The Committee decided that the next meeting will be held June 14, 2011 @ 3:30 p.m. Mr. Pierce moved to accept the schedule. The motion was seconded by Commissioner Reckhow and passed unanimously.

V. Adjournment

There being no further business, the meeting was adjourned at approximately 4:54 p.m.

Minutes submitted by: Manuel Rojas, Vice Chair

Minutes approved by: