

September 21, 2015
Audit Oversight Committee Minutes
Durham County

I. Call to order

The meeting was called to order at 3:55 PM in the Durham County Manager's Conference Room; 200 East Main Street Durham, NC 27701

II. Members

Present: Mr. Manuel Rojas, Chair; Mr. Arnold Gordon, Vice Chair; Commissioner Brenda Howerton, Secretary; Michael Page, Commissioner; Wendell Davis, County Manager.

Presenters: Mr. Lowell Siler, County Attorney
Mr. Greg Marrow, IT Director

Mr. Harrison Shannon, Member, had an excused absence.

III. Business

A. Approval of Prior Meeting Minutes

Mr. Arnold Gordon moved and Commissioner Howerton seconded the motion to approve minutes as read. Minutes were approved unanimously.

B. Overview of the County's Legal Risks – Lowell Siler, County Attorney

Mr. Siler updated the Committee on County risks from his perspective which were risks that would cause financial burden on the County if an event were to occur. He mentioned that the County had hired a Risk Manager (approximately a year ago) and that the Risk Manager was an attorney with risk management experience in the DC area. In conjunction with risk management, the Risk Manager is also concerned with safety. The position title currently includes "Risk Management and Safety," reflecting the direction the County is going in managing risk.

Other topics Mr. Siler discussed were;

- Contract monitoring: Mr. Siler discussed contract monitoring risk and said the Legal Department is implementing internal audit recommendations regarding that matter. He emphasized training was to begin in October to address contract monitoring.
- Human Resources: Mr. Siler emphasized that the interim Human Resources Director is an attorney from the County's legal department; currently

working in the Attorney's office and in Human Resources. His thoughts were that an attorney, having worked on cases involving employee firing, hiring, etc., was a good fit in human resources because the person's perspective would be broad, i.e., understand human resource needs as well as legal requirements. Committee members were concerned that the interim director may have a conflict of interest by working in both functions. Mr. Siler said the Interim Director was almost finished with her attorney workload and responsibilities and all such responsibilities would end shortly.

- Court House Flooding: The court house recently flooded; damaging the several floors. Included in the damage were records. Mr. Siler said the situation is under assessment and after completion of assessments, decisions would be made regarding legal claims and complaints.

**C. Back-up and Recovery – Wendell Davis, County Manager
Greg Marrow, IT Director**

Mr. Greg Marrow, IT Director, said the IT Department is concerned about protecting data...not so much equipment. To protect data or back-up data, the County has a contract with a company named SE data (will clarify name of company at next meeting), located in Raleigh, NC. Mr. Marrow said that company has additional space in other locations in case a disaster occurred in the Raleigh/Durham area. Mr. Marrow said data is backed up each day using "disk to tape" technology. That technology will be converting to "disk to disk" in the future for the purpose upgraded technology and security. Mr. Gordon, member, asked about the cloud as a storage option. Mr. Rojas interjected that he did not want the cloud as back-up because of potential security and control issues. Mr. Marrow agreed that issues exist with cloud storage and backup, however; he did not discuss the matter in detail.

Mr. Rojas asked whether a site with sufficient bandwidth (to offer access by DCG) has been selected where backup files would be installed. Mr. Marrow, said that issue was under review and he expects to have answers in the near future. Mr. Rojas asked him to attend the December meeting and give a status report regarding data recovery. Mr. Marrow agreed to provide a status report.

D. Recent Report Findings and Recommendations/Status Of On- Going Audits – Richard Edwards, Internal Auditor

Mr. Edwards reported on the (1) Contract Monitoring and (2) Ambulance Purchase report recommendations. For Contract monitoring recommendations, he deferred to Mr. Siler's statement that training for those responsible for contract monitoring was to begin in October. Mr. Edwards said he would follow-up on the issue in about a year. In regards to the Ambulance Purchase recommendation to get the Purchasing Division involved in determining if needs for purchases are justified, Mr. Edwards stated that new policy addressing the issue was proposed. The County Manager confirmed that the new policy has been signed and is in effect.

Mr. Edwards provided status reports for audits in progress. They are (1) third-party collection processes in risk management and (2) controls over the asset forfeiture program in the Office of the Sheriff.

- Third –party collections: Internal audit has begun to obtain information regarding Risk Management’s efforts at third party collections. Several departmental representatives have been interviewed and efforts are underway to obtain information from other Counties regarding their programs. The audit work is scheduled to be completed in the next three weeks and a report to follow shortly. The report will primarily discuss the status of he program and best practices in designing a third-party collection program.
- Asset Forfeiture: Internal audit is now in the report writing phase of that audit. The report did not identify weaknesses in reporting, accounting, and spending revenues under the program, however; an issue was identified regarding electronic signatures in the County and Sheriff’s Office. Internal Audit expects to complete the audit and provide the draft report for comments to the Sheriff’s Office and County Manager in the next week.

E. Old and New Business

Mr. Rojas, Chair, brought up a point that had been raised in the prior meeting. At that meeting Commissioner Page made a brief remark in the form of a question of whether the BOCC Chairman needed to be on the Committee or could someone be designated. The answer at that time was that the By-Laws called for the BOCC Chair to be a member of the Committee. Mr. Rojas wanted to know if that was a matter needing discussion. Commissioner Page said he didn’t remember what the point of concern was at the prior meeting and that he did not want further discussion of the matter at this point.

The Chairman provided potential dates for upcoming meetings. The dates proposed were those for the second Tuesday of the months of March, June, September, and December in calendar year 2016. He asked members to consider those dates for approval at the upcoming December meeting.

F. Next Meeting Date: December 21, 2015 at 3:30 PM

G. Adjournment

There being no further business, the meeting was adjourned at approximately 4:42 PM.