



June 12, 2018
Durham County Audit Oversight Committee Minutes

I. Call to order

The meeting was called to order at 3:30 PM in the Durham County Manager's Conference Room located at 200 East Main Street, Durham, NC 27701.

II. Members

Present: Mr. Harrison Shannon, Vice Chair; Commissioner James Hill, Secretary; Commissioner Wendy Jacobs; and Mr. Manuel Rojas.

Absent: Mr. Arnold Gordon, Chair (Excused), Mr. Wendell Davis, County Manager (Ex- Officio Member) (Excused).

Presenters: Lowell Siler, County Attorney; Kierra Simmons, Compliance and Privacy Officer.

Others Present: Darlana M. Moore, Internal Audit Director; and Alecia Amoo, Internal Auditor.

The meeting was conducted by Manuel Rojas due to the absence of Chairman Gordon.

III. Business

A. Prior Meeting Minutes

Commissioner Jacobs moved and Commissioner Hill seconded the motion to approve the minutes from March 13, 2018. The minutes were approved unanimously.

B. Review of Upcoming Risks as Viewed by the Legal Department – Mr. Lowell Siler and Ms. Kierra Simmons

Mr. Siler thanked the AOC for the invitation to the meeting. Mr. Siler informed the AOC that the County hired a Compliance and Privacy Officer to address Health Insurance Portability and Accountability Act (HIPAA), and a Chief Information Security Officer to handle cybersecurity. Mr. Siler also mentioned that the County lost the Risk Manager and a Safety employee. Currently, there is an interim Risk

Manager, but that individual has decided not to accept the position full-time. Mr. Siler said that he respected the individual's decision and that he is actively searching for a Risk Manager.

Mr. Siler stated that the Legal Department has some outstanding cases. One case involves a former Deputy Manager and that case is in federal court. When the case was initially filed a year and a half ago, the plaintiff¹ had a number of claims including discrimination and retaliation. The court dismissed all claims except for the retaliation claim. The Legal Department is going through "discovery"² in order to learn more about the case. Mr. Siler said that the County intends to file a motion for summary judgment³ explaining the reasons why the case should be dismissed. Mr. Rojas asked about exposure to the County as a result of this case. Mr. Siler stated that in his opinion, there is very limited exposure. Even though the plaintiff is asking for a large sum of money, Mr. Siler said that he does not see any facts to support the plaintiff's claim.

Additionally, Mr. Siler discussed another case involving a young lady under the age of 18 who committed suicide while in jail. Mr. Rojas asked about the exposure for the County as a result of this case. Mr. Siler stated that there could be a potential lawsuit.

After Mr. Siler finished discussing the two cases, he stressed the importance of HIPAA compliance and data security in the County. He introduced Ms. Kierra Simmons as the Compliance and Privacy Officer working with HIPAA. Mr. Siler believes that she is going to change the culture as it relates to HIPAA. She also works closely with the cybersecurity employee to protect the County's sensitive data. Mr. Rojas said that data security is very important. He has been pushing the County to secure its systems beyond passwords and codes. He said a data breach would be very serious. Mr. Siler said the Information Services and Technology (IS&T) Department is making a difference as it relates to protecting data. IS&T has worked with County employees to identify things to look out for to prevent data security breaches. Commissioner Jacobs agreed that IS&T has implemented changes including requiring the Commissioners to use new iPads, phones, and the OneDrive storage system. Mr. Rojas stated that government business must be done in a secure manner.

Ms. Simmons said that as the Privacy and Compliance Officer, she is trying to centralize compliance and privacy programs within the County. She works with different departments including Emergency Medical Services (EMS), Department of Social Services (DSS), IS&T, and Public Health to address data security. The Legal Department performed a County HIPAA risk assessment to identify departments' workflows and processes for using and storing sensitive data. Legal determined what procedures were done and identified areas for improvement to help departments comply with HIPAA laws.

Mr. Rojas said that employees who are hired should sign some type of agreement that they will comply with HIPAA. Mr. Siler said that Durham County employees

¹ A plaintiff is a person who files a lawsuit.

² Discovery is a fact-finding process that helps the parties to a lawsuit obtain information about the case.

³ A motion for summary judgment is a request for the court to enter a judgment in favor of the requesting party.

go through an intensive employee orientation process. Ms. Simmons stated that employees who work with sensitive information sign agreements that they will follow HIPAA.

Mr. Rojas thanked Mr. Siler and Ms. Simmons for their time.

C. Presentation of Volunteer Service Awards – Commissioner Wendy Jacobs

Commissioner Jacobs stated that on behalf of Durham County, we would like to extend gratitude for Mr. Rojas and Mr. Shannon’s service on the AOC for 2017 and 2018. Commissioner Jacobs expressed that the AOC could not do its work without their expertise. Mr. Rojas and Mr. Shannon thanked Commissioner Jacobs for the recognition.

Mr. Rojas said that it is an important responsibility to be on the AOC. The AOC controls the controls which is a powerful responsibility. Mr. Shannon said that he takes his position seriously and he hopes that his suggestions made a difference.

D. Discussion of Internal Audit’s Submission of the 2019 Annual Audit Plan – Mrs. Darlana M. Moore

Ms. Moore discussed the 2019 Annual Audit Plan. She explained that Internal Audit identified the audits to conduct based upon an audit risk model. The audit risk model categories risk areas from 1 to 5 with 5 being the highest risk areas. Additionally, Internal Audit looked at previous audits conducted and interviewed County management to identify audit risk areas.

The 2019 Annual Audit Plan is comprised of audits including an Accounts Payable controls audit and the Managing for Results audit carried over from the 2018 Annual Audit Plan. Internal Audit was unable to conduct the Accounts Payable audit because Accounts Payable is implementing a new system, so Internal Audit will wait until the system is in place. Internal Audit was unable to conduct the Managing for Results audit because County departments needed time to develop performance reporting mechanisms that could be audited.

The Annual Audit Plan also includes a Sheriff Turnover audit since Durham County has a new Sheriff. There will also be a Register of Deeds audit which the AOC previously requested. Furthermore, Internal Audit will conduct audits in Emergency Medical Services (EMS) and the Department of Social Services (DSS). DSS was a department identified as a high-risk area on the audit risk model, so Internal Audit intends to conduct an audit in DSS every year.

Ms. Moore also informed the AOC committee of the budgeted staff hours which is based upon a staff of three. Currently, Internal Audit only has two staff members, but Ms. Moore is recruiting for an audit position.

Mr. Rojas asked if the EMS audit will include volunteer fire departments. Ms. Moore replied that the audit will include everything related to procurement in EMS.

Commissioner Jacobs asked about the plan for conducting the Managing for Results audit. Mr. Rojas suggested that Internal Audit could identify where departments get their data from and determine whether or not the data is valid. Commissioner Jacobs agreed that focusing on determining data validity is a good audit approach.

Commissioner Jacobs also discussed audit requests related to the County jail identified by community members at the recent BOCC meeting. Topic areas include the inmate fund center, detainee fees, inmate funds from commissary and how the money was spent, phone calls, and details of jail expenditures. Commissioner Jacobs explained that some community members were concerned that the jail charges inmates improper and high fees, and that the revenue generated is used to fund jail programs.

Commissioner Hill stated that another possible topic to audit related to the jail is confiscated weapons. He explained that the North Carolina General Assembly no longer allows Sheriff Departments to destroy confiscated weapons. Therefore, Sheriff Departments collect and store weapons. Internal Audit could investigate the process to collect and store those weapons in the Durham County Sheriff Department.

The annual plan was approved.

E. Discussion Concerning New Officer Nominations – Mr. Manuel Rojas

Mr. Rojas said that at the September 2018 AOC meeting, the members will need to present nominations for new officers. Additionally, the Secretary Officer will take the minutes for future meetings.

F. Old Business

None.

G. New Business

None.

H. Next Meeting Date:

September 11, 2018, 3:30 P.M.

IV. Adjournment

There being no further business, the meeting was adjourned at approximately 5:04 PM.