

**October 12, 2010**  
**Audit Oversight Committee Minutes**  
**Durham County**

**I. Call to order**

The meeting was called at 3:35 p.m. in the County Manager's 2<sup>nd</sup> Floor Conference Room; 200 East Main Street, Durham, NC 27701.

**II. Members**

Present:

Commissioner Page, outgoing Vice Chair; Manuel Rojas, outgoing Secretary;  
Commissioner Reckhow, member; Commissioner Howerton, alternate; Michael Ruffin,  
County Manager; Sid Stroupe, incoming member

Absent:

William Pearce, incoming member (excused absence)

**III. Others Attending**

George Quick, County Finance Director  
Lowell Siler, County Attorney  
Sharon Edmonds, LGC Representative  
Richard Edwards, Internal Audit Director  
Brian Welch, Internal Auditor

**IV. Business**

- A. Commissioner Reckhow moved and Manuel Rojas seconded approval of the June 21, 2010 minutes as presented. The voice vote carried and the minutes were approved.

After the minutes were approved, the Committee discussed the language in Section IV, Item D of the June 21<sup>st</sup> minutes regarding the Sheriff's compliance with prior internal audit recommendations. The consensus was that further discussions are necessary with the Sheriff to communicate the importance of the report recommendations and seek action to comply.

Action: M. Ruffin

- B. New member Sid Stroupe was informally introduced to the Committee. Sid, nominated for a two year term, is a CPA and a former Controller with Nortel Networks. William R. Pierce, CPA, also nominated for a two-year term, is Senior Manager of Risk Advisory Services with Jefferson Wells.
- C. Officers were selected for the 2011 term. Commissioner Reckhow nominated Commissioner Page, Manuel Rojas, and Sid Stroupe, for the positions of Chair, Vice-Chair, and Secretary respectively. A question arose as to the appointment of Commissioner Page as Oversight Committee Chair, considering his current position as Chairman of the County Commissioners. Lowell Siler, County Attorney, stated that in his opinion there is no conflict of interest with the dual role. Commissioner Reckhow moved and Sid Stroupe seconded the motion to accept the nominations. The nominations were approved and elected unanimously by voice vote.

- D. Ms. Sharon Edmonds, CPA and LGC Representative, made a presentation on the role of the North Carolina Local Government Commission (LGC) in relation to local government operations. The specific reason for the presentation was to provide information to the Committee regarding the LGC's oversight and participatory role in the annual financial audit process including review of the financials, engagement letter, and audit contract. The committee assessment was that the presentation was helpful.
- E. A discussion ensued regarding the timing and distribution process of the County's "Comprehensive Annual Financial Report". Mr. Quick stated that it should be finalized by Thanksgiving, November 25th, earlier than last year. Commissioner Reckhow requested that the report be distributed by that date.  
Action: G. Quick and R. Edwards
- E. Mr. Lowell Siler, County Attorney, informed the Committee of two pending legal matters that may impact the County's financial standing: (1) Southern Durham Development and (2) IBM. Mr. Charles Meeker of Raleigh has been retained as external Counsel on the IBM case. The size of the either potential liability was not available. Mr. Siler offered that an adverse decision against the County, in either case, would not result in an elevated risk of similar suits in the future.
- There are lower level lawsuits ongoing, but Mr. Siler is unaware of any regulatory concerns.
- As a matter of ongoing business the County Attorney's office proactively advises County Staff in hopes of reducing the County's risk of future litigation.
- Mr. Quick, Finance Director, stated that the County has adequate financial reserves to handle the financial obligation of both cases.
- F. Mr. Richard Edwards, Internal Audit Director, presented the Annual Calendar to the Committee. Commissioner Reckhow asked that the calendar be updated quarterly, presented at each meeting, and that recommendation status become a regular quarterly calendar event.  
Action: R. Edwards
- G. The Committee agreed that they should receive internal audit reports in electronic format as each report is finalized.  
Action: R. Edwards
- H. The next meeting was scheduled for December 14, 2010.

## **V. Adjournment**

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

Minutes submitted by: Sid Stroupe, Secretary

Minutes approved by: