

**June 11, 2013**  
**Audit Oversight Committee Minutes**  
**Durham County**

**I. Call to order**

The meeting was called to order at 3:37 p.m. in the Durham County Administrative Building 2nd Floor Commissioner's Conference Room; 200 East Main Street Durham, NC 27701.

**II. Members**

Present: Manuel Rojas, Chair; William Pierce, Vice Chair; Harrison Shannon, Secretary; Commissioner Foster, Jr.

Excused Absences:

Michael M. Ruffin, County Manager

Absences:

Commissioner Howerton

Others Attending:

Richard Edwards, Internal Audit Director

Brian Welch, Internal Auditor

**III. Business**

**A. Prior Meeting Minutes.**

Mr. Shannon moved and Mr. Pierce seconded the motion to approve the March 14, 2013 AOC meeting minutes. The voice vote carried and the minutes were approved.

**B. Discussion of FY2014 Audit Plan ( Committee Members and Richard Edwards, Audit Director)**

Mr. Edwards presented a draft of the FY2014 Audit Plan for the AOC members to review. Several members of the Committee noted there were no IT engagements scheduled for the upcoming fiscal year. Due to the inherent high risks associated with IT processes, Committee members believed that an assessment of risks of the County's IT Department should be included in the FY2014 Audit Plan. William Pierce specifically noted IT related risks in areas such as disaster recovery/continuity of operations, information security, and internet access appropriateness as areas of concern. Mr. Edwards agreed a greater focus should be placed on IT processes. He stated that during conversations with Deputy County Manager E. Lee Worsley, regarding the IT Department, it was mentioned that interim management is in the process of identifying risks within their department, and the County's new Chief Information Officer which begins his post later in the month will be tasked with addressing these risks.

During discussions, Commissioner Foster suggested a higher priority be place on the proposed auto maintenance contract engagement. Mr. Pierce suggested a possible scale down of the proposed hours for the DSS gift card engagement because of a recent audit of the gift cards. He suggested limiting the scope of the audit requiring less audit hours. Mr. Edwards told the

committee he will include an IT assessment and make revisions to the FY2014 Audit Plan as advised by the Committee and forward them a revised copy.

Mr. Shannon moved to approve the audit plan as revised during the meeting. Commissioner Foster seconded the motion. The voice carried and the FY2014 audit plan was approved by Committee as revised.

**C. Review of Retreat Notes (Manuel Rojas, AOC Chair)**

Mr. Rojas decided due to time constraints to postpone discussion of the retreat notes until the next AOC meeting in September.

**D. Auditor's Report ( Richard Edwards, Audit Director)**

Mr. Edwards reported to the Committee the results of the Public Library Cash Handling Audit. The audit found cash handling processes lacking in several areas, resulting in three recommendations:

1. Record and reconcile cash and receipts daily.
2. Separate the recording, deposit preparation, and ledger reconciliation functions.
3. Secure cash in a way that unauthorized persons such as those tasked with recording cash do not have further access to the cash.

Per discussions with Deputy County Manager Marqueta Welton, Mr. Edwards reported that she intends to get the Finance Department to assist the library branches with their cash handling processes.

The Committee along with Mr. Edwards discussed the status of the purchasing and receiving functions recommendation. This recommendation remains open. Mr. Rojas will email the County Manager to obtain his analysis of the issue.

**E. Risk Assessment Service Provider Update (Richard Edwards, Audit Director)**

Mr. Edwards stated that he has a pending proposal with a firm to perform a risk assessment for the County. Once the proposal is finalized, he will forward this information to the County Manager. Mr. Edwards plans to use this initial proposal as a benchmark to determine how to evaluate other proposals the County may solicit.

**F. Old Business**

There was no old business addressed at the meeting.

**G. New Business (William Pierce, Vice Chair)**

Mr. Pierce announced to the Committee that his term on the Committee has expired and he will not seek to serve another term. In addressing the Committee, Mr. Pierce urged the members to seek qualified members within the community to serve and suggested that a nominating committee may be useful in selecting individuals.

**H. Next Meeting Date: September 10, 2013 @ 3:30 p.m.**

**IV. Adjournment**

There being no further business, the meeting was adjourned at approximately 5:03 p.m.