



**Memorandum of June 21st 2016 Durham County
Audit Oversight Committee Meeting**

A. The unofficial meeting began at 4:00 in the BOCC Conference Room: 200 East Main Street, Durham, NC 27701. The meeting was not official because there were not enough members present for a quorum. However, all items on the agenda were discussed. Items requiring approval will be approved at the September 13, 2016, meeting. This memorandum will also be entered into the record at that meeting.

B. Attendance

Members Present: Mr. Manuel Rojas, Chair
 Mr. Arnold Gordon, Vice Chair

Others Present: Mr. Richard Edwards, Internal Auditor
 Mr. Paul Mason, Internal Auditor
 Ms. Kierra Simmons, Internal Auditor

Absent: Commissioner Brenda Howerton
 Commissioner Michael Page
 Mr. Harrison Shannon
 Mr. Wendell Davis, County Manager

A. Prior Meeting Minutes

The Audit Oversight Committee Chair and Vice Chair reviewed the March 8, 2016, meeting minutes. They did not suggest revisions, however; the minutes will be approved at the September 13, 2016 meeting.

B. Selection of officers

Officers were not selected. The members present agreed that it would be appropriate to continue into the September meeting with the officers currently in place. New officers will be selected at the September meeting.

C. Proposed FY 2017 Annual Audit Plan

The attending members indicated satisfaction with the proposed audit plan and tentatively approved it; suggesting working on plan engagements as if the plan was approved. The plan will undergo the approval process during the September meeting and it will be suggested that approval be retroactive to July 1, 2016.

There were server items of discussion regarding the plan. They were:

1. Listing the seven departments that will participate in the Managing for Results (MFR) Quality Reviews. Mr. Edwards agreed to list he departments.
2. Clarification as to whether the MFR Quality Reviews were audits. Richard Edwards explained that he will use GAGAS standards for the reviews but he might call them special projects. (GAGAS allows such reviews to be called audits because they have the four elements of a finding but the most important one is "criteria" which in this case may be industry best practices. The definition of an audit is that it is a systematic analysis measured against established criteria.)
3. Assurance that the Wellness Clinic Audit process does not allow the disclosure of confidential personnel information. Mr. Edwards assured the members that Internal Audit is mindful of rules regarding confidential information and no confidential information would be disclosed. He explained that the audit focused on clinic costs and data accuracy and did not include personal records.

D. Discussion of Audit Reports

Two audit reports were discussed. They were (1) the Information Technology Control Self – Assessment, and (2) Effectiveness of Controls- DSS Audit Report

IT

Mr. Rojas suggested that its Hardware Failure Impact ranking factor was more severe than IT leaders believe because IT does not currently have a recovery plan or a recovery site. Mr. Gordon agreed. The item will be discussed and addressed in subsequent audit work in the IT arena. For further discussions of IT, Mr. Rojas stated that, "This committee recognizes the impact should be higher than a 3 because as far as this committee knows there is no recovery plan." (Impact of an incident was ranked from 1 to 5 with five being highest degree of negative impact.)

DSS

The gist of the DSS finding is that the manual nature of information processing at DSS will continue to be a risk regardless of the controls in place. Being that controls are not absolute assurance, some glitches will occur. However, it remains import to continually review and implement controls.

E. Next Meeting Date:

September 13, 2016, 3:30 P.M.

C. Adjournment

The meeting was adjourned at approximately 4:57 PM.