



**June 14, 2022**

**Durham County Audit Oversight Committee Minutes**

**I. Call To Order**

Dr. McCoy called the in-person meeting to order at 3:33pm, Tuesday June 14<sup>th</sup>, 2022.

**II. Members**

Present: Manuel Rojas, Citizen Member/Secretary; Dr. Nicole McCoy, Chair; Wendy Jacobs, Commissioner; Brenda Howerton, Commissioner; Dr. Kimberly Sowell, County Manager

Excused absence: Arnold Gordon, Vice Chair

Presenter: Darlana Moore, Internal Audit Director; Scott Duda, Cherry Bekaert

Others Present: Crystally Wright, Deputy Chief Financial Officer; Susan Tezai, Chief Financial Officer; Claudia Hager, General Manager; Patricia Burnside-Jones, Senior Internal Auditor; Mischa Preston, Senior Internal Auditor; Jerry Roy, Internal Auditor; Jacob Owusu, Internal Auditor

**III. Business**

**A. Discussion and Approval of Prior Minutes**

Dr. McCoy started the meeting by calling for a vote to approve the March 8, 2022, minutes. Mr. Rojas seconded. The motion was unanimously approved.

**B. Cherry Bekaert Presentation**

Dr. McCoy moved to the second item on the agenda, the presentation from Cherry Bekaert partner Scott Duda.

Mr. Duda provided a few handouts to the group. He began by stating that, like the prior year, they went into detail behind many of the tests, procedures, materiality calculations, etc. He stated that that information is again within the packet handed out, but that he was only going to cover this information quickly. He clarified that if there were any questions, as he goes over this information, he is happy to cover items in more detail. He noted as he began that he has been the engagement partner since the early 2000's and has been a public accounting auditor for 25+ years.

He began by listing the topics of his presentation which include risk assessment based on prior history with the county, what they know about the economy today, what they know about

operations today, materiality calculations, single audit program testing, deliverables to be expected at the end of the engagement, and any questions. He then noted that Mike Carey, the senior manager who has historically worked on this audit is no longer with the firm. Courtney, the manager on the job last year, is still with the firm and will be managing the engagement.

He moved on to risk assessment, commenting that they take a North Carolina-based approach to risk assessment due to specific requirements from the local government commission in North Carolina. He said that they think about the significant audit areas – this could be dollar value or just risk. Management estimates and valuation components are examples of higher risk and more significant audit areas. Risk assessment is used in conjunction with County operations to develop the audit plan.

He then continued to planning, again noting that he will not cover every item included in the handout. He noted that the economy and County motivations or pressures are taken into consideration when looking at management estimates, including potential biases. He added that they also consider changes in management or personnel, regulatory factors, and internal controls. He highlighted processes including inquiry of management and others - this includes a requirement that they speak with certain individuals specifically about fraud, related party inquiries – the ABC board for example, and anything related to third party service providers – such as actuaries. He continued with the risk assessment process regarding understanding the entity and the environment, noting that these are larger umbrella type items that are similar across all North Carolina entities. Fraud risk factors would be county specific. In the current year, there will be fraud procedures surrounding the new lease standard and if there are any biases in implementation.

Mr. Duda moved to page 8, other considerations - laws and regulations, accounting estimates, ongoing litigation, etc. Page 9 covers determining materiality, which Mr. Duda added they would discuss further in a moment, assessing the risk of material misstatements, and establishing overall strategy.

Mr. Duda elected to not go into detail regarding the risk assessment auditor formula because it was covered in this meeting last year but stated that he is happy to answer any questions if there are any. He then continued to page 12, significant audit areas, adding that he does not think any of these will come as a surprise.

Mr. Duda continued to page 15, noting that they will confirm sales tax, federal program revenue, and state program revenue. Page 16, for proprietary - predictive analytics. Page 17, as an auditor, his favorite test – search for unrecorded liabilities – is one of the best bang-for-the-buck tests that they provide. They will also perform analytics over expenses to see how they compare to prior year. Page 18, payroll liabilities, they will perform analytics over salaries, employee count, those types of things. Relating to pensions, Cherry Bekaert’s third party valuation group will talk with Durham County’s valuation group and provide to Cherry Bekaert details of their analysis of the data and their confidence in the accuracy. He continued to the next page stating that regarding self-insurance they would look at the estimates and analyze the level of aggression or conservatism in that year and why that might be. On page 21 relating to debt, he emphasized the reperformance of the County’s covenant calculations and compliance. He noted that compliance is not determined by Cherry Bekaert and that these covenants are between the County and their lender. The county is responsible for performing the required calculations and reporting those to the lender. Cherry Bekaert retests those calculations to determine if they agree with the results. Uncertainties about how the calculations are to be performed are between the County and the lender to determine;

Cherry Bekaert is not the arbitrator for disagreements. Mr. Duda then moved on to new lease standard, GASB 87, applicable this year. He summarized that this change would put material operating leases over 12 months on the balance sheet as ROU (Right of Use) assets and associated liability.

Mr. Duda then moved on to materiality. He chose not to go into detail on the materiality calculations on pages 22-23 but pointed out on page 24 the preliminary numbers based on historical averages to give an idea of the materiality threshold. He stated that the materiality levels are the amounts that the financial statements could be misstated but without changing the overall opinion of whether someone would do business with the County. An unmodified opinion is an opinion that the financial statements are materially correct. At the end of the audit, an unmodified opinion is the firm saying that they believe there is not an adjustment above those thresholds that is incorrect. He then touched on tolerable misstatements, which usually has a threshold around 75% of materiality. Misstatements falling under this threshold would be accumulated and netted to determine if the aggregate is above the materiality threshold. There is then a number below that, usually 10% of materiality, which is called waive at the workpaper level. This means that if there is an adjustment below \$600,000, it would be mentioned to the County, but it would be the County's decision if it was corrected or not. This is based on the idea that nobody would decide to correct based on an adjustment at that level.

Mr. Duda continued to page 25. Regarding single audit program testing, there are certain criteria applicable every year. They total all the grants and dollars received and look back two years to see which programs were tested each year. Major programs must be included once every three years at least. Some programs are so large that to get the required level of coverage, they must be tested. The Medicaid cluster is an example that gets touched every year because of the size. There are three main criteria – are they major based on an initial calculation, have they been audited in the past two years, and in total is there enough coverage of overall dollars in the current year. The lowest number of programs included in testing has probably been six programs, and some years closer to twenty. He stated that page 26 shows what they believe as of today to be the programs that will be tested this year, adding that coronavirus relief is a high-risk program so that is included regardless of dollars. He also noted that they anticipate probably several additional programs as they evaluate the schedule of expenditures.

Mr. Duda stated that page 27 includes a list of deliverables for the end of the audit. These include basic financial statements, opinion on internal controls over financial reporting, single audit opinions on compliance with both federal and state funds. Audit letters include communications of any material weaknesses or inefficiencies and a standard communication document. The last page is the deliverables that are required in writing – the audit report, material weaknesses and inefficiencies, and communication with governance. He added that historically they meet with the AOC before going to the board. He noted that his email and direct line are also included at the end of the presentation. He then opened the floor for questions.

Manager Sowell asked for clarification for something new that was occurring this year (GASB 87).

Mr. Duda explained that previously, operating leases would have been reported as expenses for each payment made. This year, the requirement is that the lease be booked as an asset – called a right of use (ROU) asset and reported on the balance sheet. On the other side, a liability will also be booked for all outstanding future payments. Because this is new this year, they will be looking into it to ensure that nobody is manipulating the initial recordings.

Manager Sowell thanked him for his response.

Commissioner Jacobs voiced concerns over how this impact leases the County has for \$1.

Mr. Duda mentioned that there are a couple ways around this. He previously mentioned materiality. Everything they do centers around the concept of materiality. \$1 is not material. The first thing the County will do is carve out everything that wouldn't have a ROU asset or a liability above scope. Those will be set aside. Then they will look to see if the existing lease term is not more than twelve months, those will be set aside. Everything else will be in the bucket and considered during the audit.

Commissioner Jacobs added a further complication surrounding the County venturing into new lease areas such as restaurants.

Ms. Tezai responded that they have had that discussion with all the departments and asked for everything that is a lease or anything the department was not sure about that might be a lease. All the information has been vetted by the software the County uses to maintain leases for GASB 87. She added that they would rather error on the side of caution and look at everything than miss something.

Mr. Duda followed up adding that the first year, you want to get it right, as future years will build on the initial year.

Dr. McCoy asked Ms. Tezai if she is using a tool to manage these leases or a spreadsheet. Ms. Tezai responded that they are using a tool that also comes with consultants that have expertise in this area. She added that they are using that tool for debt as well as for GASB 87. This tool also includes for next year the implementation of GASB 96 which covers leases for IS&T.

Mr. Duda added that most North Carolina governments of size are using this tool.

Dr. McCoy asked if there were any additional question for Mr. Duda. There were none. Mr. Duda was thanked for this presentation, and he then left the meeting.

### **C. Credit Card Terminals Update**

Dr. McCoy moved to the next agenda item – an update regarding credit card terminals.

Ms. Tezai passed handouts around to the room. She began by stating that this is an overview. While the agenda item is an update on credit card terminals, additional information was gathered in the surveys that were sent out and she wanted to pass that along. The results of the surveys are summarized in the packet that was handed out.

Mr. Rojas asked who was surveyed, and Ms. Tezai responded that all departments from the list she received from the finance staff who receives the merchant charges from the departments were included in the survey.

Dr. McCoy asked if other auxiliaries were also included, like the Sheriff's Office for example. Ms. Tezai responded that the Sheriff's Office was included, though they will be followed up with due to significantly more complexities.

Ms. Tezai moved on to the next slide which listed all the current merchants being used by various departments. TSYS – Library, PayGov.us – Office of Emergency Services, Forte – Register of Deeds, Voice Data Solutions (VDS) – Tax, Paymentus – Stormwater/Utilities, Elavon – Public Health, GTL – Sheriff.

Mr. Rojas asked why the County doesn't use one merchant, Ms. Tezai answered that that would require further assessment regarding individual departmental needs. She added that the library mentioned that TSYS is the only third-party vendor that works with their existing software system. If they were to change credit card vendors to decrease the number of merchants the County is using, they would also have to change their current software system. She noted that to be fair to each department, there would need to be round table discussions with each one to evaluate needs.

Manager Sowell added that depending on the software platform that departments use, there are limited third party providers that interface.

Mr. Rojas reiterated his question that no one merchant provides what is necessary for all the departments?

Manager Sowell confirmed, there is not one merchant that works with all the different software platforms and meets the needs of all departments, though she does think it would be ideal if there could be just one provider. While she does think the County should continue to do an assessment around this, she does believe that there will still likely be different needs than one credit card merchant can provide.

Ms. Tezai added that this is on their to-do list and is the next step in this process. She also added that all the survey responses indicated that the current merchants are PCI compliant. They do have various methods for receipt of credit cards. She indicated that the spreadsheet included in her handout shows the various methods of payment processing from each vendor. She summarized that the library vendor uses online payments, terminals, and self-service; the OES vendor uses online payments; ROD vendor uses in person terminals and credit card information via mail. She noted that during a previous internal audit, there were concerns surrounding ROD accepting credit card payments outside of the merchant. IS&T was able to install telephone lines to make this method more secure.

Tax also uses a third-party vendor in person, over the phone, and on their website. Ms. Tezai asked the Assistant Tax Administrator the same question she asked the Register of Deeds and she confirmed that no matter how payment is made, it is processed through the website of the third-party vendor. Storm Water and Utilities is all processed by the third-party vendor. Public Health is all through the terminals. It was hard to decipher how the payments are processed at the Sheriff's Office. She will follow up with them. That office is very complex, and they receive various fees.

There are only three Departments for which the County absorbs the cost: Library, Register of Deeds, and Public Health. The cost absorbed for the Library for FY 21 was \$3,806 and the cost absorbed for FY 22 to date is \$2,218. The cost absorbed for the Register of Deeds for FY 21 was \$1,476 and the cost absorbed for FY 22 to date is \$1,825. For the other departments, the costs are covered by the customer. The cost absorbed for Public Health for FY 21 was \$602 and the cost absorbed for FY 22 to date is \$552.

Only three departments stated that they use credit card terminals. The library says they utilize 10, and they lease those. The lease costs \$504/year per terminal. The Register of Deeds has six

terminals. The County owns those terminals, and the price paid was \$299 per terminal. Public Health utilizes 12 terminals. There are five (5) stand-alone terminals and seven (7) EPIC terminals. The stand-alone terminals are used for their Legacy system. They utilize the EPIC terminals for their new software. The five stand-alone terminals are for people to pay older receivables that are stored on their Legacy system, and the seven EPIC terminals are for people to pay newer receivables stored on their new software. The receivables stored on the Legacy system did not transfer when they purchased new software. The five terminals purchased in 2015 were \$450 each. Public Health could not find the purchase information for the new terminals purchased. Ms. Tezai said she will instruct Payables staff to search for the information.

Dr. McCoy wanted to clarify that the five stand-alone terminals are done by Evalon. Ms. Tezai confirmed that was the case.

Commissioner Jacobs asked if there were certain overarching policies that all credit card vendors were subject to. If a department wanted to contract with a new vendor, are there policies that outline minimum requirements a new vendor would have to meet?

Ms. Hager said that a few years ago the AOC recommended increased controls over how new technology is brought onboard. And due to that approach, there is some review happening. The next step is to determine where there are similarities to possibly have fewer vendors.

Ms. Tezai added that the next step will include determining department needs and determining if they can be brought together, or if some department needs are so specific that they would need to be excluded. She noted that they want to make sure as they move forward that they are not hindering or handicapping a department.

Manager Sowell added that even with their differences, there are certain standards that should cover all vendors such as deadlines and making sure reconciliations are done.

Mr. Rojas stated that there should be a set of minimum standards and internal control guidelines that each department and each vendor must meet. He added that if we don't have that now we should be working towards that. There should also be standard method of selecting vendors. and standards the vendor should meet before they are selected to receive our payments.

Ms. Tezai said she wasn't sure if there was such a policy in place, or if the process had been started. She will reach out to IS&T and other departments to see.

Mr. Rojas said those standards should come from a high level, possibly Finance. Dr. McCoy asked if the vendors we use are large enough that we could receive a SOC report on them.

Ms. Tezai responded that she was unsure.

Mr. Rojas explained that a SOC report was basically an audit of a company's internal controls by a third-party. And companies will provide that report to prove their controls are up to par.

Dr. McCoy added that one section of a SOC report will state what controls the customer needs to have in place to receive the services, and that would be helpful for us to see to know what controls we need to implement.

Ms. Tezai started a conversation surrounding customers absorbing credit card fees.

Ms. Hager mentioned that the library doesn't want the customers to have to absorb that cost.

Manager Sowell mentioned that she was happy to see where the County was absorbing the cost, Library and Public Health, because those departments are likely helping citizens that are low wealth. She also stated that she would like to see Finance and IS&T be at the table when there are talks of bringing on a new credit card vendor because they would have the knowledge of standardized internal controls. It doesn't work well when a department makes the decision and then approaches Finance and/or IS&T for advice on how to make it work with the chosen vendor.

Mr. Rojas asked if the amount of money the County was absorbing in credit card fees was known. He said that even though credit cards have a cost on the front end with the transaction fees, they save us on the back end by not having to deal with paper, currency, and other areas.

Manager Sowell mentioned not having to deal with return check charges as another benefit of accepting credit cards.

Ms. Tezai said one of the reasons Register of Deeds stopped taking checks was because they were getting a lot of small dollar checks that would be returned.

Mr. Rojas said he didn't think it would be fair to the public to stop taking checks completely. He then asked Ms. Tezai if she had any recommendations on things, we should do what we're not doing.

Ms. Tezai said she didn't have any recommendations, but she was glad to see the cost the County is absorbing is not material to the County. The next step is to evaluate where we are and see if there's a better way. Because the County is not losing much money, there is time to make sure that this is done right.

Dr. McCoy expressed relief that it wasn't a long list of credit card vendors.

Mr. Rojas asked if there was a bid process for new vendors.

Manager Sowell said the valuation comes into play with the software vendor. And once the correct software vendor for the department has been selected it's a matter of selecting a credit card vendor that is compatible with that software.

Ms. Tezai said that part of their follow-up that they hadn't considered before is, "Why are the terminals different? Are they different because of the service they provide? Do they have to be different because of the service they provide?"

Dr. McCoy and Mr. Rojas thanked Ms. Tezai.

Ms. Tezai introduced her Deputy CFO, Crystally Wright. Everyone greeted her.

#### **D. 2023 Audit Plan**

Dr. McCoy moved on to item number four on the agenda, which is discussion of the 2023 audit plan, presented by Darlana Moore, Internal Audit Director.

Director Moore began by discussing the org. chart and current positions. She stated that there are a total of eight positions including herself in the department and she just turned in a hiring packet on Tuesday the 14<sup>th</sup>. Director Moore added that if the person accepts the offer, there will be two vacant

positions remaining. She is still advertising for the other two which is the Senior Internal Auditor/Investigator and the Internal Auditor.

Dr. McCoy then asked which position the current hiring packet would be for, and how much experience this person has.

Director Moore responded that he would be in the Internal Auditor position and has two years of audit experience in addition to accounting experience.

Mr. Rojas asked Director Moore if she is interviewing now for the Investigator position.

Director Moore replied that she is trying and is currently recruiting but it's hard to find auditors at this moment. She also mentioned that it's hard to get anybody and addressed how Scott lost one of his senior managers. Director Moore then added that external auditors are making it very difficult for all of us at this moment because they are giving employees unlimited PTO, 100% remote, and they are paying well. She noted that she does not have that type of budget right now and is waiting on the MAG study to get salary for staff. Director Moore then addressed the skill set needed for an investigator because most auditors are not investigators, and it is hard to find an auditor and an investigator. She added that for that skill set, this type of employee would want a decent salary.

Regarding the hiring packet previously mentioned and the deliberation that candidate is giving the offer, Dr. McCoy asked if this person is deliberating due to salary or another reason and wanted to know if we were making a competitive offer.

Director Moore replied that she offered the salary that he is asking for. However, the person is deliberating on the position since he just relocated to the area and is determining if the offer is conducive to his family. Director Moore added that she understands that he is leaning more towards this position rather than his other offers. She asked if there were any additional questions concerning staffing; there were none.

Director Moore moved on to the 2023 Audit Plan. She announced that this year the plan will be completed and that two years in a row we would have completed the Audit plan. She added the only outstanding item is the MAC audit which is completed except the exit conference, and the report should be issued before the end of June. She added there is one special investigation report also outstanding, the Anita Jackson report. She concluded that those were the only two reports outstanding for the 2022 Plan.

Dr. McCoy asked Director Moore to clarify what MAC stands for. Director Moore stated Medicaid Administrative Claiming.

Director Moore asked if there were any additional questions regarding the 2023 Plan.

Commissioner Howerton asked Director Moore for a reminder regarding how anonymous staff complaints are handled.

Director Moore replied that with anonymous complaints they have a litmus test process. With any anonymous complaints that come in, we first determine if this something that internal audit needs to look at. She added that sometimes the complaint could go to legal or HR. She continued, adding that the second thing we need to look at, is there any merit to the complaint. For instance, she stated that they could not investigate one of the special investigation complaints because the information that was given was all over the place. And, because the report was anonymous, there is no ability to interview the person and get more information to investigate. So sometimes in instances like



that, the case must be closed because there is no basis. Director Moore continued, noting that at that point, she pulled out and let management know there was nothing they could do. She added that she also communicated this matter to the Public Health Director board chair.

Mr. Rojas asked Director Moore if there is a form or a methodology for anonymous complaints to be submitted from any source. He added that it looks like they don't have a single point where all complaints can be funneled and a decision made regarding if the complaint should go to audit, HR, or legal?

Director Moore stated that this methodology does not exist, and as far as her understanding, that's pretty much what the ombudsmen position would do.

Mr. Rojas asked the commissioners if this position is one that they are looking at now?

Commissioner Jacobs responded that they had their first presentation about it, and then people have a chance to ask questions.

Mr. Rojas asked if it was going anywhere.

Commissioner Jacobs replied and said that they asked questions and are waiting to get the follow up information. She added that this presentation just occurred recently at the work session a few weeks ago, so it will take staff time to get the answers to the questions.

Mr. Rojas says that he can imagine these types of complaints could come to the manager directly from many sources. He then asked when the Manager does receive these types of complaints, where do they go? Is it handled by the person who receives it or handed to internal audit?

Commissioner Jacobs answered that it was basically an anonymous complaint that came to their board, and she forwarded to Director Moore and the attorney. She added that it was also anonymous and that they often get sent things like this and when they do, she sends it to Director Moore and the attorney. She added there currently is not policy around this type of circumstance.

Commissioner Howerton added that she usually sends complaints to the manager.

Commissioner Jacobs responded that this shows why there needs to be a policy in place, because some people are sending complaints one place, other people send them to another.

Director Moore noted that the manager generally forwards complaints that she receives to her. She will then look at the complaints and determine whether it is something that can be investigated, something that should go to HR, something that should stay in that department, or is it something that should go to legal.

Mr. Rojas questioned if they have any idea how many they received this year so far. Moore replied that it wasn't very many.

Mr. Rojas continued, asking whether they have received enough to warrant having someone in a position to investigate anonymous complaints.

Commissioner Jacobs responded that the way the ombudsmen position was brought to them was different than that. She asked Director Moore if she had seen that presentation. Director Moore and Dr. McCoy responded that Ms. Hager had talked to the group briefly after Arnie had pulled together some information. Dr. McCoy added that they have not heard much outside of that.

Commissioner Jacobs stated that the presentation is on video but noted that there are different types of ombudsmen. She added that what was presented to them wasn't so much what was being discussed in this meeting, but rather helping with the culture and the climate of the Durham County government. The Commissioner continued, stating that the model that Chapel Hill has is more about helping with the climate amongst the staff, to be a sounding board, someone for people to talk to and then maybe refer them to whoever when needed. She mentioned that it sounds like what Dr. McCoy is talking about is more like what they have in Orange County, Florida, which is more related to possible fraud or things like that. She said that seems like a different model than what was being brought to them.

Dr. McCoy replied that when she worked at UNC Chapel Hill in forensics about five years ago, the ombudsman would refer things to the internal audit department as they heard different things that were happening with the UNC community. He didn't do the investigation, but he was one of those individuals that was also filtering outward. She added that the ombudsman would have a conversation with the director of internal audit as part of the risk assessment of what things to be looking at, but it was just more of a conduit of conversation not so much the entire job.

Commissioner Howerton replied that she didn't think that was the way that it was being presented. Manager Sowell agreed adding that it was presented differently than how she envisioned it.

Dr. McCoy clarified that it was not a significant portion of his job, it is a very small portion, and he did have a referring component.

Commissioner Jacobs said that she thinks additional clarity is needed since it was sort of confusing.

Dr. McCoy further clarified that a significant portion of his job was to handle the culture of UNC but as he was handling the culture of the UNC, he would hear things and had to deal with things. He became a person everybody can rely on to confidentially tell things to, and he would then refer.

Mr. Rojas replied that that's an internal position, where people would go because they have a problem with their job, or they have a problem at home, and they have internal resources for your employees and for yourself. He countered that an ombudsman is for external people that have a problem with the way were doing business. He added that it looks like there are not that many anonymous complaints, there is not that much volume that requires paying somebody to look at these complaints and evaluate them and figure out what it is. He continued by saying that if there are not that many complaints then it's not a problem. He reflected on previous experience where they had an outsourcing company where employees could go to and let them know they need help with this and that, my supervisor, my dad, my wife, any kind of internal problem that that you may have with an employee or with management - and that's a whole different matter.

Dr. McCoy asked if there is currently an employee hotline.

Director Moore replied that no, there is not. She added that once this position goes live and they start advertising it is going to be like a hotline and there will be more than enough work for that position.

Dr. McCoy agreed.

Commissioner Howerton also agreed, adding that at some point, especially if there is an outside context as well, they would have to hire someone else because that person would not be able to do that job by themselves.

Manager Sowell added that she doesn't think we have a good way of tracking the number of inquiries or complaints that have come in because there isn't a structured process, and they are coming in at different entry points.

Director Moore agreed, adding that she does track them when she gets it.

Mr. Rojas replied that he thinks the least they could do at this point is to have a policy that if you get a complaint, an outside or internal complaint, that there is a method that will be used to funnel that complaint to someone in internal audit or to someone else. This would allow the ability to follow those, or at least keep track of how many. He also added that this is something that maybe at a future special working meeting can be discussed in a small group - what do we need, who is going to manage it how much is it going to cost and those kinds of things.

Commissioner Howerton added that when you think about complaints that come into the commissioners and what kind of complaints this person be accepting, it is when they are going to vote in a way that a group of folks don't want, and then they send in complaints to that person. She added that they will have to be clear on what kind of complaints this person is going to handle from the public. Commissioner Jacobs questioned whether the meeting is in closed session right now.

Director Moore answered no.

Commissioner Jacobs asked why they are looking at this (referring to the investigations included on the plan handout) if not in closed session?

Director Moore replied that the handout covers the entire plan and some of those things are included and we're not discussing anything yet.

Commissioner Jacobs replied that she is just concerned because the document has people's names on it.

Director Moore responded that the group could hand those documents back to her, but that it was meant as a tool.

Commissioner Jacobs replied that she thinks we need to be careful having pieces of paper that have people's names on them saying that they're being investigated. She is concerned about any of that potentially becoming public.

Director Moore said that the document could be used during the meeting, and then requested that Mischa collect the documents before leaving the meeting once closed session begins.

Dr. McCoy moved on noting that the only question she has is that there are assigned hours for each audit; is there a way that we can understand how much we charge next year when Director Moore provides an update? She clarified, requesting that Director Moore let them know what was assigned versus what was charged.

Director Moore responded affirmatively.

Dr. McCoy asked if there were any other questions or concerns regarding the status of the 2023 audit plan. There being none, she moved on to agenda item number five, which is the presentation and approval of the 2023 audit plan.

## **E. 2023 Audit Plan**

Director Moore noted that the group has had a chance to look at the new audit plan, so she will not go in detail with it unless there are any questions about it. She added that she thinks it's a great plan and that it's a meatier plan than any of the plans that she has created in the five years that she has been with the County. She noted that she took the liberty of meeting with as many of the AOC members as she possibly could to gauge what was important to them for audit to look at for this upcoming plan year. She asked if there were any questions about the plan.

Mr. Rojas asked how many audit staff the plan was based on; Director Moore responded five, including herself.

Commissioner Jacobs says that this is a lot, things like the Cares Act, ERAP, LIHR, these are all brand-new programs.

Dr. McCoy inquired regarding if any of the internal audit plan is also included in the external auditor's plan.

Director Moore responded that even if they are including some, they would only be looking at a small percentage of what internal audit would cover.

Mr. Rojas inquired regarding the total number of hours planned for the year, Director Moore noted 11,700 hours.

Director Moore added that Cares Act is the only one that the external auditors will also cover, and that is on page 26. She added while she will try to schedule it later, we may be bumping heads there since that audit has the most hours on the internal audit plan.

Dr. McCoy asked if the external auditors would be starting in October, Director Moore clarified that it will be in August, and they should be finishing up in October. She reemphasized that the external auditors would only be looking at a small portion.

Dr. McCoy replied that she doesn't want to overstress the auditees.

Director Moore replied that the way she has the schedule set, external and internal audit will not be bumping heads. She added that internal audit will be coming in after external audit.

Dr. McCoy asked the room if there are any other questions or concerns about the 2023 audit plan.

Mr. Rojas moved for approval. Commissioner Howerton seconded. Dr. McCoy stated that the plan has been presented and approved by the AOC.

Dr. McCoy asked if there were any questions or discussions. The approval passed unanimously.

Dr. McCoy addressed if there was any new business, other than the ombudsman which was already discussed.

Director Moore replied no new business.

Director Moore asked if everyone had a chance to meet Jacob Owusu, the newest member of the internal audit department. She asked everyone to welcome him on board, noting that he is one of the new internal auditors. She also mentioned Mischa Preston, who has been a part of the audit team for a year, was just promoted to senior internal auditor.

The meeting was then moved to closed session.