

Audit Oversight Committee

Meeting Minutes

December 17, 2007

I. Call to order

Jeffrey Gittler, Chair, called to order the regular meeting of the Durham County Audit Oversight Committee at 4:00 p.m. on December 17, 2007, in the County Manager's, 2nd floor conference room, 200 East Main Street, Durham, NC 27701.

II. Roll call

The following members and presenters were present:

Mr. Richard Edwards, Auditor Director
Mr. Jeffrey S. Gittler, Chair
Mrs. Ellen W. Reckhow, Vice Chair
Mr. Samuel A. Maclin, Secretary
Mr. Manuel L. Rojas
Mr. Michael Ruffin, County Manager
Mr. George Quick, presenter
Mr. Wendell Davis, presenter,
Commissioner Lewis Cheek,
Mr. Scott Duba, and assistant, Partner, Cherry, Bekaert & Holland, CPA
Mr. Sammy Haithcock and assistant, Dir. Social Services
Mr. Chuck Kitchen, County Attorney

III. Initial business

- A. The minutes were approved as read.
- B. Scott Duba, the external auditor, presented the results of the external audit. The result is that three significant deficiencies were noted in the management letter. DSS representatives (DSS procedures were the subject of two deficiencies) believes discussions between themselves and the auditor would have clarified the issues and resulted in a different characterization than significant deficiency. The auditor pointed out that SAS 112 reporting requirements changed the way some findings are reported and it is possible that at least one of the findings would not have been reported as a significant deficiency previously but is now reported as such because of SAS 112 changes. Besides, they believed the finding could possible have a material effect on operations and reporting with DSS representatives disputed. The auditor pointed out they had followed their normal closeout processes in 2007.

There was discussion about asking the auditor to change the wording in the management letter or even removing one of the deficient findings, but the committee decided that such a move would not be necessary. However, the committee decided that it wanted to review the single audit report before it accepted the audit.

Mr. Duba said that due to SAS 103-112 changes, he would identify audit work for consideration to be accomplished by the internal auditor. He said his initial estimate

was a requirement of approximately 120 hours. He said he would have his proposal ready during January and would discuss it with the Internal Audit Director and the Finance Director. Mr. Edwards stated that he would provide his recommendation to the Audit Committee after discussing specifics with Mr. Duba.

- C. Chuck Kitchen, the county attorney, presented information addressing the liability of committee members when conducting county business. The bottom line was that the county will defend members in legal situations that occur during the conduct of county business unless the individual willfully engaged in inappropriate behavior or acts.
- D. The report on the Office of the Sheriff was reviewed by the committee prior to the meeting. At the meeting, no comments or additions requiring report revision came forward. The committee did not feel that the Sheriff's official response contained sufficient detail to determine the Office's course of action to implement report recommendations. The committee wanted a more targeted response to the report recommendations. Mr. Ruffin told the committee he was going to meet with the Sheriff to discuss the response and would prepare a statement of action based upon his discussion. He said he would release his statement along with the audit report.
- E. The Committee discussed the method to disclose audit reports to the public. Mr. Ruffin expressed that his concern and desire was to maintain transparency in the audit function and subsequent audit results. Several methods to disclose audit results, including posting on a website, press releases, and quarterly audit result reporting to the Board as required by the Audit Department Charter were discussed. None of the aforementioned options were dismissed but it was decided that quarterly reports to the Board would be the normal method of disclosure.
- F. We concluded that it is appropriate to send draft audit reports to Committee members via email.
- G. The next meeting was scheduled for Tuesday, March 18, 2008 at 4:00 P.M. in the Manager's conference room.

IV. Adjournment

Mr. Gittler adjourned the meeting at approximately 6:30 p.m.

Minutes submitted by: Samuel A. Maclin

Minutes approved by: