

Minutes of Buncombe County Audit Committee
December 5, 2023
9:00 AM
200 College Street, Room 310, Asheville, NC 28801

Members Present:	Chairperson Kendra Ferguson, Commissioner Al Whitesides, Commissioner Terri Wells, Bill Christy, Martha Ziegler, Patrick Fitzsimmons
Members Absent:	Dr. Glenda Weinert
County Staff Present:	Candace Searcy (Risk Analyst), Kelly Houston (Risk Manager), Glenn Murray (Accounting and Reporting Manager), Mason Scott (Assistant Finance Director), Avril Pinder (County Manager), Amy Broughton (Senior Attorney), Mark Goodwin (Chief Information Security Officer)
Others Present:	N/A

The Audit Committee Chairperson, Kendra Ferguson, called the meeting to order at 8:58 AM.

Prior Meeting Minutes – Review and Approval

The draft meeting minutes from September 5, 2023, and November 21, 2023, were presented and discussed. Martha Ziegler noted that in her biography information, she would like to clarify that she is a Duke graduate and attended UNCA for classes. This information was noted.

Commissioner Al Whitesides moved to approve the draft minutes from the September 5, 2023, and November 21, 2023, meetings. Martha Ziegler seconded the motion. The motion passed unanimously.

External Audit Update and Proposed Audit Contract Amendments

Glenn Murray (Finance Department) gave an update on the external audit process. They still do not have the OPEB reports. The day after the contract extension was requested, more information was requested from the HR Department, which took them time to compile. The Finance Department is hopeful for OPEB reports next week. The external auditors believe they can finish work by December 31, 2023, and then file an extension for submitting.

Several questions and answers were discussed.

- Commissioner Wells asked if there were any ramifications for the delays. Glenn Murray responded that the actuary knows the latest information request was their oversight and they are reducing the cost of the service.
- County Manager Pinder asked if the vendor has provided a reason for the delays. Glenn Murray responded that the vendor says the work is complete, but it is in the review phase and should be done next week.
- Chairperson Ferguson stated that the measurement date was a year and a half ago.
- Chairperson Ferguson asked if the external auditors have been in contact with the LGC. Glenn Murray responded that they have not talked to the LGC about this instance, but they must have some experience with this. He will check with them.
- Mason Scott stated the statutory deadline is October 31st and that the County has strong communication with the LGC and financial advisor due to future debt issuances. Kendra Ferguson commented that many governments go past the October 31st deadline and that the LGC requests communication for those instances.
- Chairperson Ferguson asked if the financial statement and audit presentation is still expected for January 16, 2024. Mason Scott responded that yes, they are working towards that.

Closed Session

Commissioner Terri Wells made the motion for the Audit Committee to go into closed session, pursuant to NCGS § 143-318.11(a)(6) to consider the qualifications, competence, performance, character, fitness, or conditions of initial employment of a prospective public employee at 9:09 AM. Commissioner Al Whitesides seconded the motion. The motion passed unanimously.

County Manager Pinder stayed for the discussion. Other County staff present at the Audit Committee meeting departed the room. No action was taken during the closed session.

Commissioner Al Whitesides made the motion to end the closed session at 9:25 AM and return to open session. Commissioner Terri Wells seconded the motion. The motion passed unanimously.

Internal Audit Director Candidates

Chairperson Ferguson reported that there would be a pause on recruiting an Internal Audit Director until the Spring. County Manager Pinder is doing some work to bridge the gap.

Scheduled Meetings for Calendar Year 2024

The proposal for scheduled meetings for Calendar Year 2024 was presented. One correction was noted, based on a typographical error, to correct September's meeting date to September 17, 2024.

Bill Christy made the motion to accept the proposal for 2024 scheduled meetings, with the change to September 17, 2024. Patrick Fitzsimmons seconded the motion. The motion passed unanimously.

Audit Committee Officers for 2024

Chairperson Ferguson has served a maximum term of eight years and will be rotating off the Audit Committee. Various parties thanked Chairperson Ferguson for her leadership, expertise, and volunteer service to Buncombe County.

Patrick Fitzsimmons nominated Bill Christy for the Chairperson position and made a motion. Commissioner Terri Wells seconded the motion. The motion passed unanimously.

Commissioner Terri Wells nominated Martha Ziegler for the Vice Chairperson position and made a motion. Commissioner Al Whitesides seconded the motion. The motion passed unanimously.

Chairperson Kendra Ferguson nominated Kelly Houston for the Secretary position. Commissioner Terri Wells made a motion to approve Kelly Houston as Secretary. Commissioner Al Whitesides seconded the motion. The motion passed unanimously.

Internal Audit Update

Kelly Houston explained the critical functions of Internal Audit that would be continued by the Risk Management Division, which is in the Legal and Risk Department. Those functions include Audit Committee work, Let's Talk Monitoring, the Employee Ethics Report Line, and the Internal Audit Budget as needed.

Kelly Houston asked the Committee if there were any Internal Audit functions not covered that the Committee had concerns with. None were raised.

The future Internal Audit Director will review the cash management audit and complete the required signoffs, per discussions with the Committee and County Manager. The Fiscal Year 2024 Audit Plan is on hold.

COSO Update

The Audit Committee previously requested a COSO update at least annually. Kelly Houston provided an update to the Committee. The Risk Management Division will be responsible for coordinating the COSO implementation efforts. Currently, Risk Management will be implementing a software solution to streamline the claims and insurance aspect of Risk Management. This implementation begins right after the Christmas holiday. Streamlining the current Risk Management processes is considered Phase 1. Phase 2 will be the start of COSO implementation. The software solution chosen for Risk Management has a module that is built on the COSO framework. Currently, this module is in the ITGC request process for the Fiscal Year 2025 budget cycle.

Public Comment

There were no members of the public who commented at the December 5, 2023, meeting.

Meeting Schedule Reminder for Calendar Year 2023

No remaining meetings for Calendar Year 2023

Adjournment

The December 5, 2023, Audit Committee meeting was adjourned at 9:58 AM.

Buncombe County Audit Committee

Approved Meeting Schedule for Calendar Year 2024

- **Tuesday, January 16, 2024**
Purpose: External audit and financial statements presentation, Internal Audit updates
200 College Street, Room 404
- **Tuesday, March 19, 2024**
Purpose: External audit preparation for upcoming fiscal year, Internal Audit updates
200 College Street, Room 310
- **Tuesday, June 4, 2024**
Purpose: Internal Audit updates
200 College Street, Room 310
- **Tuesday, September 17, 2024**
Purpose: External audit updates, Internal Audit updates
200 College Street, Room 310
- **Tuesday, December 3, 2024**
Purpose: Financial audit final report, Audit Committee procedural requirements, Internal Audit budget for upcoming fiscal year
200 College Street, Room 310

NOTE: This proposal is based on the past requests of the Committee of meeting on the same day as Board of Commissioners meetings and considering approximate timelines of required tasks. This proposal is subject to change based on the decisions and needs of the Buncombe County Audit Committee. Special meetings may be called as needed and will be advertised appropriately.



**Internal Audit Department
Audit Committee Update
December 5, 2023**

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SUMMARY

The Risk Management Division provides this report to assist the Audit Committee (Committee) with their oversight responsibilities for the Internal Audit Department. It is Internal Audit’s goal to be a leader among local government Internal Audit Departments and provide support to the Buncombe County Board of Commissioners, County Management, the Audit Committee, and residents and visitors of Buncombe County in assessing accountability, transparency, and continuous improvement in County operations.

Currently, Internal Audit has three vacant positions. During this time, the Risk Management Division is performing the critical functions of Internal Audit, such as managing and responding to the Employee Ethics Report Line complaints, Let’s Talk Audit Committee reporting, and administrative support to the Audit Committee.

If there are any questions regarding the content of this report, we are available for discussion. Thank you for your public service to Buncombe County and your continued support of Internal Audit.

Respectfully Submitted,
Kelly Houston, Risk Manager
Candace Searcy, Risk Analyst

AUDIT PROJECTS

Internal Audit performs audit projects in accordance with generally accepted government auditing standards (GAGAS), issued by the Government Accountability Office's Comptroller General of the United States. These standards provide guidance to Internal Audit regarding qualifications of staff, requirements for systems of quality control and peer review, as well as planning, conducting, supervising, documenting, and reporting on audits. Internal Audit also consults the International Professional Practices Framework (IPPF) published by the Institute of Internal Auditors (IIA).

PROJECTS IN PROGRESS

The Cash Management audit is complete, pending the review and approvals required by generally accepted government auditing standards. The draft audit report was emailed to the Audit Subcommittee and County Manager on September 20, 2023 for feedback. If an independent approval was identified and willing to review and approve the audit workpapers and final products, this project could be fully completed.

In addition, the Audit Committee approved the Fiscal Year 2024 risk assessment and audit plan. However, this did not go before the Board of Commissioners for approval. The Grant Management audit also began but has not been completed.

PLANNED PROJECTS

Other planned Internal Audit projects are on hold until Internal Audit is staffed.

NONAUDIT PROJECTS

Internal Audit performs nonaudit projects as appropriate under GAGAS standards. Because of strict independence and objectivity requirements identified by these standards for staff, Internal Audit only performs certain nonaudit functions as defined in Internal Audit's governing documents. In addition, per the Personnel Ordinance¹, Internal Audit has been given primary responsibility for all investigations of illegal or unethical behavior across the County.

Investigations

Internal Audit has received 26 investigations during Fiscal Year 2023 (July 2022 through June 2023). All cases for Fiscal Year 2022 have been either investigated by IA and reported out, closed for insufficient information, or handed off to the appropriate department and the status is being tracked by IA.

Internal Audit has received 21 investigations during Fiscal Year 2024 (July 2023 through current). 18 investigations have been handed off to the relevant department. 3 investigations are being conducted by Risk Management staff and will be reported to County Management and the Audit Committee when complete.

Internal Audit may not be included in other complaint intake methods in the County, such as direct reporting to departments, complaints made to the County Commissioners, etc. In addition, the Human Resources Department has an Employee Relations Team that takes in complaints related to HR matters, conducts investigations, and works with departments on remediation. Frequently, the Employee Ethics Report Line is used by employees for HR matters and such complaints are forwarded on to the Employee Relations Team and closed on the Internal Audit side.

It is common for a County our size to have an active hotline. We use a platform called Ethics Point (or as known by County staff the 'Employee Ethics Report Line' or EERL).

Reporting Sources for FY2024 Investigative Services	
3rd Party Hotline	21 (18 were HR-related)
Direct to Internal Audit	0
Direct to Human Resources	Unknown
Direct to Other Existing Reporting Channels	Unknown
Grand Total	21

ADMINISTRATIVE

Departmental Administrative Duties

Internal Audit performs administrative functions for the department to maintain day-to-day operations.

The Risk Management Division continues to support Internal Audit functions by continuing to coordinate Audit Committee meetings in conjunction with the Audit Committee Chair, as well as provides resources, information, and documentation to the Audit Committee.

Internal Audit is required to participate in continuing professional education (CPE). CPE is required for audits performed under GAGAS standards whether auditors are certified or not. A minimum of 80 CPE hours over two years with no less than 20 per year is required. Additional CPE requirements may be necessary depending on staff certifications (i.e., Certified Fraud Examiner).

Internal Audit's Business Plan, which is in alignment with the County's Strategic Plan, is on hold until the Internal Audit Department is staffed.

The Internal Audit Department utilizes Diligent, the audit support and data analytic software, to support the execution of the Internal Audit plans. When staffed, the Internal Audit Department will need to spend time on ongoing template development and revision, and development of the data analytics tool.