

Minutes of Buncombe County Audit Committee
June 18, 2019
9:00 AM

Members Present: Larry Harris, Robert Pressley, Al Whitesides, Andrew Hoffman, Danny Yelton
Members Absent: Mike Knepshield, Kendra Ferguson
County Staff Present: Terri Orange, Kelly Houston, Michael Frue, Don Warn, Autumn Lyvers, Avril Pinder, Mason Scott, Margaret Ellis (left after providing update)

The Audit Committee Chairman, Larry Harris, called the meeting to order at 9:02 AM.

Review and Approval of Meeting Minutes

The minutes from the May 14, 2019 meeting were presented. Al Whitesides moved to approve the minutes as presented. Robert Pressley seconded the motion. The motion passed unanimously.

Update on Recruitment of IA Director

Avril Pinder asked Margaret Ellis to provide an update on the ongoing recruitment of an Internal Audit Director. Margaret reported they currently have 15 applicants, 5 have been screened out, and 10 will be selected for a phone screening. Of the 10, the plan is to extend an invitation to 3-5 of them for an in-house interview. Then the intent would be to bring the top 2 applicants to the subcommittee the week of July 19th. Subsequently, the Audit Committee would have a meeting to consider approval of the selected candidate.

FY 2019 Financial Audit Update

Don Warn reported that the final invoice from CLA for the FY 2018 audit has been paid and therefore planning for the FY 2019 audit can begin. A conference call is scheduled between Finance staff and CLA to discuss plans. Once the audit contract for FY 2019 has been received from CLA, it will be submitted to the Audit Committee for approval.

Internal Audit Charter Update

Kelly Houston presented suggested revisions to the Internal Audit Charter to require the Buncombe County Internal Audit Department to comply with Government Auditing Standards (the Yellow Book), rather than the International Standards for the Professional Practice of Internal Auditing (the Red Book) as is required by the Charter currently. She explained that 80% of our peers through the Association of Local Government Auditors (ALGA) follow Yellow Book standards, which are specific to government auditing. In addition, the Red Book standards were originally chosen by Buncombe County Internal Audit due to the need to perform consulting engagements for various departments, which are specifically allowed and guided by Red Book standards. With the subsequent establishment of the Performance Management Department, which is able to fulfill the consulting needs of various departments, Internal Audit can more appropriately devote its resources to audit work as guided by the Yellow Book with its increased requirements for independence and objectivity and government agency focus.

Danny Yelton moved to accept the proposed changes to the Buncombe County Internal Audit Charter and Robert Pressley seconded the motion. The motion passed unanimously.

Public Comment

Larry Harris noted that there was no member of the public present in the meeting room to make comment.

Internal Audit Update

Kelly Houston reported on the Ethics Hotline activity for FY2019.

- 33 reports received (the same number as FY 2018)
- 58% of the calls appeared to be from external parties, 42% appeared to be from employees of the County
- 88% of the calls were related to County business, 12% unrelated
- The County will be moving to a new reporting platform with the same third-party hotline administrator within the coming months.

Kelly also reported on the FY2019 Internal Audit Plan projects.

- Sheriff's Office Property and Evidence Audit – completed and report provided to Audit Committee in January
- Technology Management project – will be led by Performance Management, rather than Internal Audit
- Public Board Procedural Compliance Audit – moved to FY 2020 due to discovery that not all boards were aware of their procedural requirements and therefore adequate controls were not in place. The County legal team is sending a letter to all public board representatives notifying them of their requirements. Internal Audit will test compliance next fiscal year
- Bonus Policy Compliance Audit – in progress
- Internal Audit Procedures Manual – 58 page manual complete. Will be updated to comply with Yellow Book requirements.

Other FY2019 projects

- External Financial Audit – Due to the extraordinary challenges the Finance staff faced to complete the FY 2018 audit, Internal Audit staff provided extra support.
- Investigation of inappropriate p-card usage by an employee
- EMS project - At request of EMS staff, explored possibility of automating some timekeeping and scheduling functions. In addition, investigated anonymous report of excessive hours being worked by EMS employees. IA verification of this was used to support funding request for 4 additional staff.
- An additional 14 projects were undertaken by IA staff during FY 2019.

Next Kelly presented the Internal Audit FY 2020 Plan based on a countywide risk assessment, management interviews, and the results of the FY 2018 external financial audit. The plan was reviewed and is attached to these minutes.

Al Whitesides moved approval of the FY 2020 Internal Audit Plan and Robert Pressley seconded the motion. The motion passed unanimously.

Adjournment

Larry Harris adjourned the meeting at 9:45.

**Buncombe County
Internal Audit Plan
Fiscal Year 2020**

The Internal Audit Charter requires Internal Audit to present an annual audit plan to the Audit Committee for approval. Plans are prepared on a fiscal year basis.

This plan is for fiscal year 2020. This audit plan is a tool for planning the use of audit resources, but is subject to change throughout the year as the need arises. Therefore, some projects herein may not be conducted during the year and other projects may be added. Any significant change from the plan will be reported to the Audit Committee.

Projects for Fiscal Year 2020

- Continue to provide information for state and federal investigators related to their investigation of former County Manager
- Platform Migration for Ethics Hotline (Required Change)
- Support management's implementation of the COSO Internal Control-Integrated Framework
 - Update risk assessment when COSO implementation is completed by management
- Analysis of Workday internal controls – Ongoing project
- Establish Fraud and Internal Control Workgroup and Education Program
- Audits
 - EMS Medication Inventory Audit
 - Sheriff – Evidence Room Follow-Up
 - Procurement Card Policy compliance
 - Public board procedural compliance

Ongoing activities

- Ethics Hotline Administration and Investigation
- Let's Talk Oversight
- Senior Leadership Team
- Information Security and Privacy Governance Team
- Public record request response vetting