

**Minutes of Buncombe County Audit Committee**  
**October 23, 2018**  
**9:00 AM**

**Members Present:** Larry Harris, Robert Pressley, Al Whitesides, Kendra Ferguson, Andrew Hoffman

**Members Absent:** Danny Yelton, Mike Knepshield

**County Staff Present:** Terri Orange, Kelly Houston, Dustin Clark, Autumn Lyvers, Blair Chamberlain, Eric Hardy, Michael Frue

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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 September 18, 2018 meeting were presented. There was no discussion. Commissioner Whitesides moved to approve the minutes. Commissioner Pressley seconded the motion. The motion passed unanimously.

**Internal Control Presentation**

Interim Finance Director Eric Hardy and Business Officer Dustin Clark gave an internal control presentation to highlight policy and procedural changes that have been in progress over the last few years. The presentation is included with the meeting minutes. Below are some items that were discussed beyond what is on the presentation.

- “Defining Internal Control” Slide
  - Internal controls provide reasonable assurance, not absolute assurance. Internal control improvements lower the probability of wrongdoing, but does not eliminate the possibility of wrongdoing.
  - Internal controls should be balanced with the resources available and should be effective, but not restricted to the point of diminished returns.
- “Changes to Strengthen Internal Control Environment” Slide
  - Phase I of the online checkbook is now live on the Buncombe County website.
- Other Discussion
  - Compensation Changes
    - Chairman Harris asked about the possibility of governing board involvement in approving or reviewing individual compensation changes (either all or those over a certain percentage threshold). After discussion, the group recommended that Human Resources and Budget staff analyze the data and make recommendations. Chairman Harris also recommended the Audit Committee follow-up on this topic after a permanent County Manager is hired.
  - Internal Control Presentation
    - Chairman Harris thanked the Finance Department staff for the internal control presentation. Most of the items have been reported at one time or another through various means, but the Audit Committee was appreciative of having this information in one central place, and suggested giving this presentation to the public.

**Internal Audit Update**

Internal Audit Director Terri Orange gave an update of Internal Audit’s activities. The Sheriff transition audits are on schedule. Internal Audit has also been providing some assistance with the external financial audit. Ms Orange has also started the risk assessment process for fiscal year 2019.

The Audit Committee members are set to rotate periodically, and this year, three members are due to either be reappointed or have a replacement chosen. Ms. Orange will contact the three members to see if they are interested in reappointment. If they are not, the application process will begin to choose new members.

### **Staff Update**

Interim Finance Director Eric Hardy updated the Audit Committee on staffing changes in the Finance Department. The new Finance Director been announced. Don Warn begins work on November 13, 2018. Commissioners and staff are eager to begin work with Mr. Warn.

### **External Audit Update**

Controller Autumn Lyvers updated the Audit Committee on the status of the external financial audit with CliftonLarsonAllen (CLA). CLA staff will be onsite beginning Monday, October 29, 2018.

Kendra Ferguson reminded the Audit Committee that a meeting will need to be scheduled, likely in January 2019, to review the financial statements before the amended deadline of January 31, 2019.

### **Meeting Schedule**

Terri Orange reminded the committee about the upcoming scheduled meetings.

- Tuesday, December 4, 2018 at 9:00 AM

### **Adjournment**

Chairman Harris adjourned the meeting at 11:07 AM.