

**Minutes of Buncombe County Audit Committee
January 19, 2021
9:00 AM
Virtual Meeting via Zoom**

Members Present: Chairperson Kendra Ferguson, Commissioner Robert Pressley, Commissioner Al Whitesides, Dr. Glenda Weinert, Larry Harris, Danny Yelton and Mike Knepshield

Members Absent: N/A

County Staff Present: Trisha Burnett, Kelly Houston, Michael Frue, Terri Orange, Don Warn

Others Present: N/A

The Audit Committee Chairperson, Kendra Ferguson, called the meeting to order at 9:05 AM.

Review of Remote Meeting Rules – County Attorney – Michael Frue

County Attorney Michael Frue gave instructions to the Audit Committee on how to conduct the meeting remotely and still maintain compliance with public board meeting requirements.

- REFERENCE: North Carolina Session Law 2020-3, Section 4.31.
- Summary of differences between remote meetings and in-person meetings
 - Each voting member must state his/her name prior to bringing forth a motion or seconding a motion.
 - Mr. Frue recommends that each person state his/her name prior to speaking.
 - The Chairperson is required to conduct a roll call vote.
 - The Committee must allow public comment if there are any attendees who wish to make comments at the designated time for public comment.

Mr. Frue will also remain on the remote meeting of the Audit Committee to ensure compliance with procedures and to answer any procedural questions that may arise.

Review and Approval of Meeting Minutes – Chairperson Ferguson

The December 1, 2020 meeting minutes were presented and reviewed.

Commissioner Whitesides moved to approve the minutes as presented. Larry Harris seconded the motion. By roll-call vote of all seven Audit Committee members, the motion passed unanimously.

Fiscal Year 2020 External Audit Update – Finance Director Don Warn

The delay in completing the external audit has been waiting for guidance to be issued from the federal government in order to complete Single Audit requirements. The guidance was released on December 24, 2020. The Finance Department has submitted a draft Comprehensive Annual Financial Report (CAFR) to the external auditors (CLA). CLA sent comments back to the Finance Department yesterday (01-18-2021), which the Finance Department is working on addressing now.

At the current time, there is one finding relating to lottery funding and delays due to communications to/from the County and the schools. The Finance Department has implemented a check-in process with the school systems, instead of waiting to hear from the schools, to address this communication issue

As it stands now, the Finance Department is optimistic the CAFR will be completed by the state deadline of January 31, 2021.

There was discussion about scheduling a special meeting of the Audit Committee to receive the presentation from the external auditors. Based on availability of the external auditors (CLA) and Board of Commissioner meetings, it is tentatively planned that this will occur on the regularly scheduled Audit Committee meeting on Tuesday, March 2, 2021.

Chairperson Ferguson asked the Audit Committee if there were any further questions for the Finance Department regarding the external audit update. There were no further questions.

Internal Audit Governance Documents Update – Chairperson Ferguson

Chairperson Ferguson gave the Audit Committee a brief update on the status of the Governance Documents revision project. The project began to ensure the Internal Audit Charter, the Audit Committee Charter, and the Audit Committee bylaws align, so that all parties are clear as to their roles and responsibilities. This includes the Board of Commissioners, County Management, the Audit Committee, and the Internal Audit Department. Chairperson Ferguson reported that as the subcommittee are working through documents, new situations have come up that requires them to think deeply about ensuring the governance documents are solid and in alignment. She anticipates the drafts will be ready to present and vote on at the next Audit Committee meeting.

Fiscal Year 2022 Internal Audit Budget Request –Trisha Burnett

In order to meet the Buncombe County budget schedule deadlines, it is necessary for the Audit Committee to hear and vote to approve or amend the Fiscal Year 2022 budget request for the Internal Audit Department at this meeting. Ms. Burnett walked through the budget presentation (attached to the minutes of this meeting). Throughout the presentation, the following questions and comments were raised:

- [Question from Chairperson Ferguson] Can you explain what a CISA is?
 - [Response from Ms. Burnett] A CISA is a Certified Information Systems Auditor, which is through the Information Systems Audit and Control Association (ISACA). This position will be specialized in IT matters with auditing expertise.
- [Comment from Dr. Weinert] She would like to reiterate that COSO was adopted in 2017, but has not yet been implemented. Communicating this to the Board of Commissioners and County Management is critical. As Ms. Burnett stated, COSO implementation is a management responsibility, but Internal Audit has volunteered to train departments on COSO, and will be using COSO criteria for auditing. Dr. Weinert emphasized that COSO implementation is a critical need, and with only two Internal Audit staff, it is difficult for Internal Audit to train all departments and carry out their other responsibilities.
- [Comment from Dr. Weinert] She would like to emphasize that risk assessment and protection is critical to governments, and this must be communicated to the Board of Commissioners and Management.
 - [Comment from Ms. Burnett] Data analytics can assist with continuous monitoring as well. If the data is available, and Internal Audit has data analytics software, Internal Audit could set up continuous audits on these measures.
- [Comment from Dr. Weinert] Internal Audit is a foundational piece of a government – a necessity. It is not something to be shortsighted with, even during trying times such as COVID. It is critical to fund Internal Audit appropriately.

- [Comment from Ms. Burnett] In performing Risk Assessment interviews, Internal Audit has learned that most departments incorrectly assume that Internal Audit only does audits related to financial matters. Internal Audit also takes into account compliance, operating, strategic, IT, etc.
- [Comment from Chairperson Ferguson] She would like to point out that the actual budget allotted to Internal Audit last year was almost half of what the Audit Committee approved for the budget for last year. She feels the Committee is behind in getting Internal Audit resourced in order to do the tasks they are expected to do.
- [Question from Mr. Harris] He asked what the next steps are after the Audit Committee approves the budget request.
 - [Response from Ms. Burnett] The next step is the first meeting with the County Manager, which is scheduled for Thursday, 01-21-2021. Internal Audit staff also need to complete various worksheets and official requests after the Audit Committee approves/amends the budget request.
 - [Question from Mr. Harris] He would like to know who attends the meeting this week.
 - [Response from Ms. Burnett] It is Internal Audit staff, the County Manager and Budget Department staff for the initial meeting.
 - [Response from Chairperson Ferguson] The process and authority of budget decisions is one area that is being discussed in the governance document review and revisions.
 - [Comment from Commissioner Whitesides] The Board of Commissioners has the final say on the budget and he is committed to ensuring that Internal Audit is appropriately funded.

At the conclusion of the budget presentation and discussion, Chairperson Ferguson asked if any Audit Committee members had any further questions or concerns, or if the Committee was ready to vote on the request.

Dr. Weinert moved to approve the Fiscal Year 2022 Internal Audit budget request as presented. Commissioner Robert Pressley seconded the motion. By roll-call vote of all seven Audit Committee members, the motion passed unanimously.

Subcommittee Appointments – Chairperson Ferguson

Chairperson Ferguson proposes leaving the subcommittee appointments as is, at least until the governance document revisions are completed and approved. For the purpose of recording the current standing subcommittees, the following members are included on the following subcommittees:

External Audit Subcommittee

Kendra Ferguson
Mike Knepshield
Danny Yelton

Internal Audit Subcommittee

Audit Committee Chair

Both Commissioners appointed to the Audit Committee

After this action, Audit Committee member Danny Yelton has to depart the meeting for another meeting at 10:01 AM.

Internal Audit and Risk Assessment Updates – Internal Audit Director Trisha Burnett

Ms. Burnett walked-through the draft report prepared for the Audit Committee, which is a high-level overview of Internal Audit activities from the last meeting through today. She asked the Committee if the format and content of this report meets their expectations for future reports. Chairperson Ferguson and Commissioner Whitesides stated their approval of this format and content style.

One area of discussion was around nonaudit services provided by Internal Audit staff, specifically Let’s Talk communication responses and participation in the COVID-19 vaccination sites. While it is important to meet the

needs of the community, Commissioner Whitesides and Commissioner Pressley are concerned that staff are being pulled to do other tasks from departments that are already understaffed. Commissioner Whitesides also stated the desire to look into hiring temporary workers, as there are unemployed people in the County that would probably be glad to have some work. Commissioner Pressley stated it might also be more fiscally responsible to keep higher-paid staff doing the work they are hired to do.

Ms. Burnett also gave a brief update to the countywide risk assessment process, which was delayed due to the reassignment of Internal Audit staff for COVID-19 responsibilities. To date, Internal Audit staff have interviewed 24 department directors or key staff (EX: subject matter experts). There are 10 people remaining to interview. In addition, there were four department directors who did not respond to requests for an interview.

Public Comment

Chairperson Ferguson inquired on if there were any members of the public in attendance on the virtual meeting. Ms. Houston reviewed the “panelist” and “attendee” list and did not see any identified.

Meeting Schedule Reminder for Calendar Year 2021

The following dates are for scheduled meetings of the Audit Committee for calendar year 2021:

- Tuesday, March 2, 2021 at 9:00 AM
- Tuesday, June 1, 2021 at 9:00 AM
- Tuesday, October 19, 2021 at 9:00 AM
- Tuesday, December 7, 2021 at 9:00 AM

A determination on meeting location will be made based on the status of the COVID pandemic and communicated to the Committee members, staff and public via email and public-facing website.

Each of these proposed meeting dates aligns with regularly scheduled meeting dates for the Board of Commissioners. If an Audit Committee meeting is needed outside of the adopted regular schedule, it will be advertised in accordance with special meeting requirements.

Other News – Chairperson Ferguson

Chairperson Ferguson congratulated Internal Auditor Kelly Houston on obtaining the Certified Fraud Examiner (CFE) designation.

Adjournment

Chairwoman Ferguson adjourned the remote meeting at 10:19.



FY 2022 Budget Request

Presented by

Trisha Burnett, CPA, CIA, CGAP, CFE

Internal Audit

 BUNCOMBE COUNTY

Internal Audit

- ✓ **Mission:** Driven by the highest professional and ethical standards, the Internal Audit Department will perform high quality work with competence, integrity, objectivity, and independence that provides accountability and helps improve the County's operations and services.
- ✓ **Stakeholders:** Buncombe County residents, Buncombe County Board of Commissioners, Audit Committee, Buncombe County management, and other parties, such as external auditors.
- ✓ **Goals Supporting Buncombe County's Strategic Plan:**
 - ✓ Ensure Buncombe County Internal Audit processes are designed and implemented to align with national government auditing standards
 - ✓ Focus Area = Operational Excellence
 - ✓ Ensure Buncombe County Internal Audit processes add value to Buncombe County's mission, goals, and objectives, and meets the expectations of Internal Audit's stakeholders
 - ✓ Focus Area = Operational Excellence
 - ✓ Ensure Buncombe County Internal Audit's ongoing compliance with national government auditing standards, which will increase the Department's credibility and authority to add value to Buncombe County Government
 - ✓ Focus Area = Operational Excellence
 - ✓ Increase awareness of equity issues through trainings, workgroups, and other initiatives for all Internal Audit staff
 - ✓ Focus Area = Equity

 BUNCOMBE COUNTY

Internal Audit Responsibilities

Audit Services

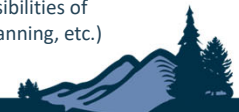
- A. Evaluating
 - i. Risk exposure
 - ii. Reliability and integrity of information
 - iii. Systems established to ensure compliance
 - iv. Means of safeguarding assets
 - v. Operations or programs
 - vi. Governance Processes
 - vii. Effectiveness of the County's risk management processes
- B. Conducting audits in accordance with Government Auditing Standards
- C. Performing Risk Assessments to maximize use of Internal Audit resources
- D. Quality Assurance and Improvement processes to ensure compliance with Government Auditing Standards
- E. Reporting to stakeholders

Nonaudit Services

- A. Investigations, as required by the Buncombe County Personnel Ordinance
 - i. Employee Ethics Report Line
 - ii. Let's Talk public reporting platform
 - iii. Directly from employees or external parties
 - iv. Partnership with HR on personnel-related investigations
- B. Process reviews
- C. Facilitated self-assessments
- D. Trainings for all County staff
- E. Departmental support in an advisory capacity
- F. Departmental resources for reference on best practices
- G. Work on management's behalf

Administrative

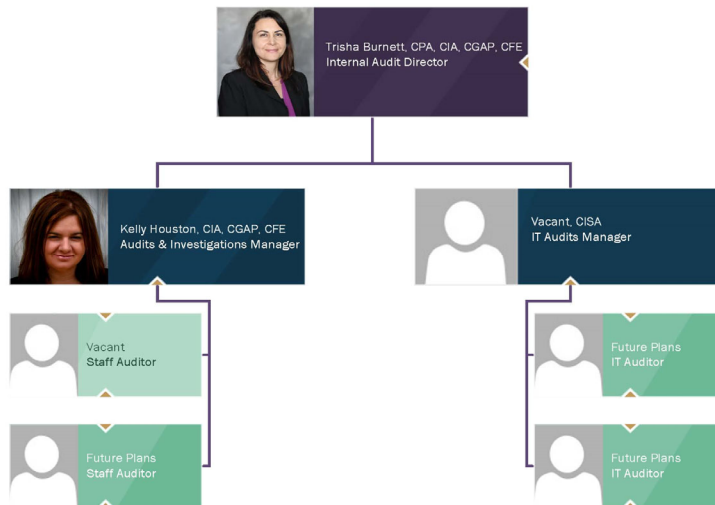
support to Audit Committee and other responsibilities of running a department (i.e. budget, strategic planning, etc.)



Internal Audit Vision

Based on historical events occurring in Buncombe County, it is the desire of the Buncombe County Internal Audit Department to become a leader in North Carolina and in the ALGA Community – to set the tone for what Internal Audit in NC local government and peer communities must be to build & maintain the trust of residents.

- Utilize technology to do more with less
- Focus on the highest risks to the County
- Build an Internal Audit team covering various competencies to maximize Internal Audit coverage



FY 2022 Budget Request

	FY 2022	FY 2021 Approved by Audit Committee	FY 2021 Actual (no positions, no software, 1.5% reduction)	FY 2020 Approved by Audit Committee	FY 2020 Actual (No additional position)
Salary	\$ 388,200	\$ 306,855	\$ 180,535	\$ 242,981	\$ 176,730
Benefits	\$ 174,354	\$ 149,178	\$ 83,193	\$ 114,686	\$ 79,890
Unemp., WC, LGERS		\$ 1,270	\$ 1,542	\$ 2,820	\$ 1,880
Training	\$ 17,800	\$ 11,980	\$ 10,925	\$ 7,100	\$ 4,500
Travel	\$ 21,100	\$ 21,100	\$ 14,735	\$ 2,935	\$ 3,345
Office Supplies	\$ 5,000	\$ 3,500	\$ 3,500	\$ 2,000	\$ 1,500
Meeting Supplies	\$ 700	\$ -	\$ -	\$ -	\$ -
Dues & Subscriptions	\$ 4,000	\$ 3,200	\$ 3,200	\$ 3,225	\$ 1,125
Contracted Services	\$ 35,000	\$ 50,000	\$ 40,000	\$ 20,000	\$ 20,000
Non Disc. Insurance & Bonds		\$ 610	\$ 1,214	\$ -	\$ -
Non Disc. Telephone	\$ 2,880	\$ 2,880	\$ 1,400	\$ 1,980	\$ 1,400
Local Mileage	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -
Education & Program Materials	\$ 3,000	\$ 1,500	\$ 1,500	\$ -	\$ -
Software	\$ 70,000	\$ 85,000	\$ -	\$ -	\$ -
Office Move (Furniture, Equipment)	\$ 23,700	\$ -	\$ -	\$ -	\$ -
TOTALS	\$ 746,734	\$ 638,073	\$ 341,744	\$ 397,727	\$ 290,370

FY 2022 Budget Request

Highlights:

- 2 Additional Positions, bringing the staff size to 4
 - IT Auditor
 - Staff Auditor
- Audit Management & Data Analytics Software
- Costs associated with additional positions
- Placeholder budget for potential move of Internal Audit Department office space

FY 2022 Budget Request

Why the request of 2 additional positions and software?

- Employee Ethics Report Line
 - Fiscal Year 2020 = 21 reports
 - Fiscal Year 2021 (to date) = 15 reports
- Internal Investigations
 - Fiscal Year 2020 = 6 investigations
 - Fiscal Year 2021 (to date) = 5 investigations (two ongoing)
- Let's Talk Monitoring
 - Fiscal Year 2020 = 1,103 reports
 - ** IA Director also took over responding to Let's Talk reports at the request of management, so that Communications Team could concentrate on COVID/EOC. IA Director responded to 618 reports.*
 - Fiscal Year 2021 (as of 01-13-2021) = 567 reports
 - **IA Director is still responding to Let's Talk reports on behalf of management*
- Departments are reaching out to us to schedule routine audits
- Auto-Approvals of Elected and Appointed Officials
- Policy Review (advisory capacity)
- Participation in various management groups (Management Advisory Group, RACE for Equity Co-Design Team, etc.)
- Ongoing COVID operational support



BUNCOMBE COUNTY



FY 2022 Budget Request

Why an IT Auditor?

- Government Auditing Standards
 - 5.15-5.16: Requirements: Human Resources
 - 8.59-8.62: Requirements: Information Systems Controls Considerations
 - 8.63-8.67: Application Guidance: Information Systems Controls Considerations
- Current inventory of 446 IT Systems, Integrations, Databases and Web Services identified by the IT Department
 - *NOTE: The IT Department advised that this inventory is not yet complete.*
- Increasing cybersecurity and data security risks emerging in government news
 - Internal Phishing Tests
 - 11.55% of simulated harmful email attachments/links were opened/clicked
 - 78.27% of those were in departments that likely access protected data, such as health information, law enforcement/criminal data
 - Only 32.61% of instances of simulated emails were reported as phishing.
- Demand for technology solutions will continue to drive IT solutions
- IT risks are unique & separate, but cannot be ignored due to lack of resources



BUNCOMBE COUNTY



FY 2022 Budget Request

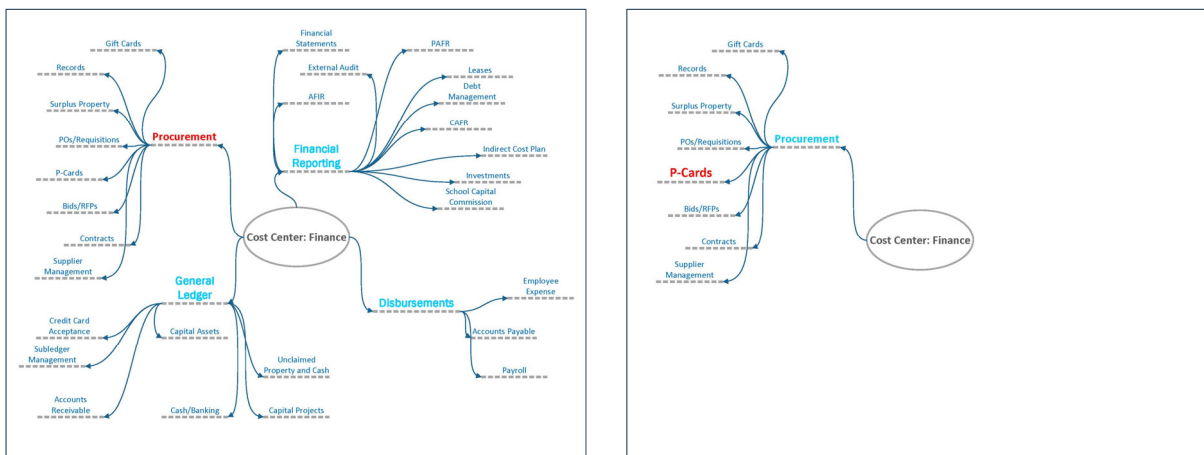
Why a Staff Auditor?

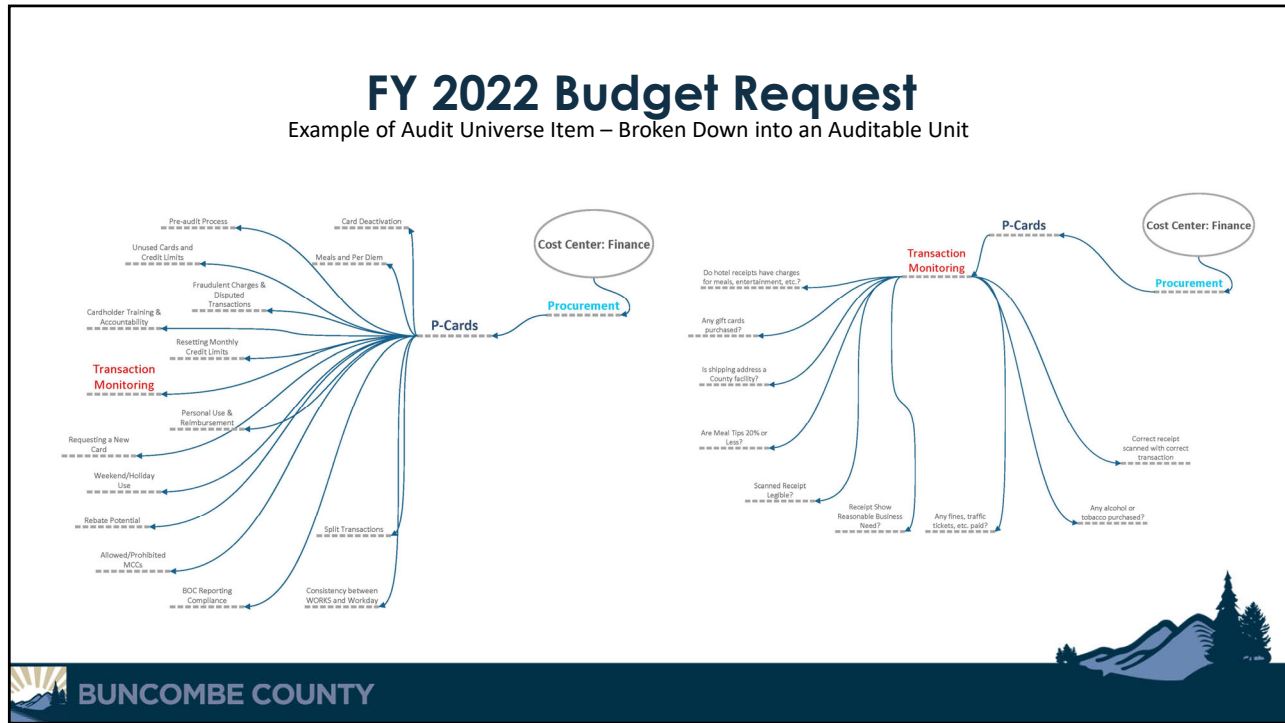
- Government Auditing Standards
 - 5.15-5.16: Requirements: Human Resources
 - 5.17-5.20: Application Guidance: Human Resources
 - 8.16: Addressing audit risk
 - 8.31-8.32: Requirements: Assigning Auditors
- Current inventory of 242 County Departments and Divisions within those departments
 - 24 Additional Cost Centers not directly associated with one department/division
- COSO Framework adopted in October 2017; Not Yet Implemented
- No formal enterprise risk management process in which Internal Audit can leverage work from
- Adequate number of staff to perform adequate quality assurance and improvement processes as required by Government Auditing Standards



FY 2022 Budget Request

Example of Audit Universe Item – Broken Down into an Auditable Unit





FY 2022 Budget Request

Why Software?

- Audit Process Standardization/Templates
- Audit Findings/Issues/Resolution Management
- Audit Documents contained with the audit file
- Data Analytics to maximize Internal Audit Resources
- Audit Universe, and even the highest-risk areas, greatly exceeds what a small staff can audit manually
- Shared templates and solutions with other governments
- Standardized Risk Assessment Process that drives Internal Audit Plan
- Enhanced scheduling, progress and reporting
- Standardized and efficient documentation and cross-referencing to meet Government Auditing Standards (Part of Internal Audit Business Plan – Supporting Buncombe County Strategic Plan)

Internal Audit is expected to deliver increasing assurance and oversight

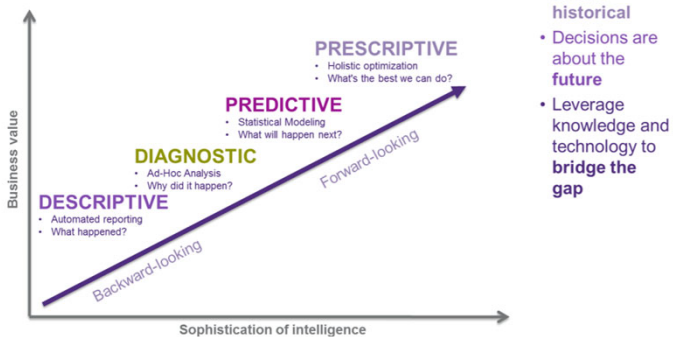
Conducting fieldwork using spreadsheets, SharePoint, email and other non-purpose software can be a substantial impact on resources and also time consuming

FY 2022 Budget Request

Why Software? (continued)

Analytics definition

Making data timely and actionable



Wake County, NC used Galvanize to evaluate 8.3 million records in a single department that identified data anomalies. The result was the identification and recovery of \$2.1 million due to fraud.

- Data is historical
- Decisions are about the future
- Leverage knowledge and technology to bridge the gap

FY 2022 Budget Request

Operating Costs

- Training & Travel
 - Based on the assumption that travel will resume in Fiscal Year 2022
 - Government Auditing Standards require that each audit staff, regardless of professional certifications, obtain at least 80 hours of CPE in every 2-year period, with 24 of those hours specific to government.
 - Staff with professional certifications may have additional CPE requirements.
 - Training & Travel costs calculated based on known conferences and trainings (ALGA annual conference, NC Fraud Conference, COSO certification, ISACA On-Demand training) as well as online trainings that are announced during the year, as applicable.
- Office Supplies
 - Based on estimate projected from current use of a staff of 2
- Meeting Supplies
 - Supplies such as water, snacks, printed materials, and supplies needed for Audit Committee meetings, COSO trainings, Risk Assessment meetings, etc.
 - New Spend Category Request for FY 2022 – in order to be better account for current and predict future costs

FY 2022 Budget Request

Operating Costs

- Dues and Subscriptions
 - *Memberships with applicable organizations such as the Institute of Internal Auditors (IIA), Association of Local Government Auditors (ALGA), and Association of Certified Fraud Examiners (ACFE)*
- Contracted Services
 - *Navex Global Contract (Employee Ethics Report Line)*
 - *Contingency for outside expertise for Audit Committee or Internal Audit, as dictated by Audit Committee Charter*
 - *In the event that an IT auditor position is not available, the Contracted Services spend category will need to increase accordingly, so that external IT experts may be contracted to assist in IT matters.*
- Non Discretionary Telephone
 - *Cost of cell phone for staff, based on the expectation of in-the-field work*
- Local Mileage
 - *New Spend Category Request for FY 2022 – reimburse staff for local mileage, consistent with practices of other County Departments*
- Education & Program Materials
 - *Cost of COSO training materials, other resources for training County departments*



BUNCOMBE COUNTY



FY 2022 Budget Request

Operating Costs

- Software
 - *Annual cost (including implementation & ongoing support) for Audit Management & Data Analytics software*
 - *Wake County Example*
- Office Move
 - *NOTE: The County is currently undergoing a space/facilities study. It is unknown at this time if Internal Audit will be moving offices or not. At the recommendation of the Budget Department, they advise to plan for this cost earlier on as a one-time expense, as it is easier to plan up front and not need it, than to ask for it late in the budget cycle.*
 - *This estimate is based on current pricing from Staples, with whom the County has a contract with.*



BUNCOMBE COUNTY



FY 2022 Budget Request

Benchmarking

- FY 2022 Budget Request for a staff of 4:
 - Percent of Internal Audit Budget Compared to Organizational Budget
 - Brings us to only 0.02% below ALGA average (using FY 2021 organizational budget)
 - Budget per FTE
 - Brings us to only \$ 4,627.58 less than ALGA average

- FY 2022 Budget Request for a staff of 3:
 - Percent of Internal Audit Budget Compared to Organizational Budget
 - Brings us to only 0.04% below ALGA average (using FY 2021 organizational budget)
 - Budget per FTE
 - Brings us to \$ 19,380 less than ALGA average



FY 2022 Budget Request

Benchmarking

- Other North Carolina Governments
 - Mecklenburg County 15 Staff
 - City of Charlotte 11 Staff

 - Wake County 5 Staff
 - City of Raleigh 5 Staff

 - Guilford County 5 Staff
 - City of Greensboro 5 Staff

 - Durham County 3 Staff
 - City of Durham 5 Staff

 - Buncombe County 2 Staff
 - City of Asheville 1 Staff

Each related County/City area combined has Internal Audit coverage of a minimum of 8, maximum of 26. Buncombe County and Asheville has 3.

Given the history of Buncombe County, our Internal Audit Department should be a leader in North Carolina in rebuilding and maintaining the trust of residents through objective, fact-based assurance of the County's governance, operations, reporting and compliance.



FY 2022 Budget Request

Additional Resources Available As Requested

- Government Auditing Standards (AKA Yellow Book)
- Internal Audit Presentation to the IT Governance Committee (software proposal) and supporting documentation
- Graphs of time spent on various tasks
- Benchmarking Data
- ACFE 2020 Report to the Nations



Internal Audit Department Audit Committee Report

January 2021

DRAFT

TABLE OF CONTENTS

SUMMARY 2

AUDIT PROJECTS..... 3

NONAUDIT PROJECTS 4

ADMINISTRATIVE..... 5

SUMMARY

The Internal Audit Department ("Internal Audit") provides this report to assist the Audit Committee with their oversight responsibilities for Internal Audit.

Highlights since the last Committee meeting include work performed by Internal Audit towards completion of a County-wide risk assessment in order to appropriately prioritize projects for next fiscal year. Internal Audit has also worked with Human Resources to develop consistent policies and procedures for investigative projects where coordination is requirement. Finally, Internal Audit has worked with an internal subcommittee to revise governance documents.

If there are any questions regarding the content of this report, I am available for discussion. Thank you for your work and your continued support of Internal Audit.

DRAFT

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.

COMPLETED PROJECTS

There were no completed audit projects since the previous Committee meeting.

PROJECTS IN PROGRESS

Annual Risk Assessment

Internal Audit began working on the annual risk assessment prior to the COVID-19 pandemic. As a result of staff reassignments and other priorities, this project was put on hold. The purpose of the risk assessment is to assist Internal Audit in prioritizing the FY22 projects. To date 24 department heads and specific staff have been interviewed, while 10 remain. There were 4 department heads that did not respond to requests to schedule a Risk Assessment interview with their departments. There are also various other data sources Internal Audit is reviewing to provide additional information for this process.

PLANNED PROJECTS

Purchasing Card Audit

Based on initial results of the annual risk assessment and other projects, Internal Audit has determined a review of the purchasing card process is needed. There are many advantages to performing this project in the near future. While it is a high risk area inherently, performing the audit will assist Internal Audit in getting the approved audit plan back on the fiscal year schedule, as it was before the disruption of the pandemic. It will also provide Internal Audit with an opportunity to ensure internal processes work as intended. Finally, it will provide the Committee and other leadership with assurance over the purchasing card policies and processes. The objective of this project will be to assess purchasing card policies in accordance with the COSO framework, ensure compliance, and provide recommendations for improvement, if identified.

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. In addition, per the Personnel Ordinance, Internal Audit has been given primary responsibility for all investigations of illegal or unethical behavior across the County.

Investigations

Internal Audit has received the following requests for investigative services during the current fiscal year. Of these, 12 are complete, 7 are in progress, and 8 have been referred to Human Resources. Note that those referred to other units are followed up on by Internal Audit to ensure appropriate disposition.

Reporting Sources for FY21 Investigative Services	
3rd Party Hotline	15
Direct to Internal Audit	5
Direct to Human Resources	7
Grand Total	27

It is common for a County our size to have an active hotline. Internal Audit intends to work with leadership on additional ways to market this tool. In addition, Internal Audit intends to work to inventory other reporting mechanisms that may exist within the County.

Process Reviews

Process review projects will be performed at management's request. This is an area that Internal Audit has emphasized and pursued heavily. As opportunities arise, Internal Audit offers this service. There have been none requested or completed since the last Committee meeting.

Facilitated Self-Assessments

Facilitated self-assessments will be performed at management's request. This is an area that Internal Audit would like to coordinate with COSO training. As opportunities arise, Internal Audit offers this service. There have been none requested or completed since the last Committee meeting.

Trainings

Internal Audit has developed a training series on the COSO Internal Control Framework to be offered through the professional development initiatives in Human Resources. There have been none requested or completed since the last Committee meeting.

Departmental Support

Internal Audit provides ad hoc guidance on governance, risk, and internal controls. These are often informal phone calls or email questions regarding processes.

Departmental Resources

Internal Audit is developing resources for County departments to perform internal reviews of internal controls independently and working on an intranet site for availability. This has not been completed since the last Committee meeting.

Work on Behalf of Management

Internal Audit is currently performing several functions on behalf of management, while keeping independence and objectivity at the forefront. These projects include:

- 1) Fielding all emails, voicemails, and web comments the County receives through the Let's Talk portal (as of 01-18-2021, the number of responses is 611);
- 2) Assistance with the County's COVID-19 pandemic response;

3) Monthly review of timecards, expense reports, and purchase card activity for all appointed and elected officials, in response to an audit finding during the fiscal year 2018 external audit

Additional nonaudit services offered will be evaluated as governance documents are reviewed.

ADMINISTRATIVE

Internal Audit also performs administrative work as part of its ongoing work. Internal Audit recently completed business planning work related to the County's Strategic Plan implementation. Internal Audit prepared a proposed FY22 budget for review of the Committee and management.

Outreach throughout the County and involvement in national organizations have occurred since the previous meeting. Finally, work on internal control, risk, compliance and fraud trainings and resource templates for County departments are in progress.

DRAFT