

**Minutes of Buncombe County Audit Committee**  
**March 13, 2018**  
**9:00 AM**

**Members Present:** Larry Harris, Kendra Ferguson, Andrew Hoffman, Robert Pressley, Al Whitesides, Danny Yelton, Mike Knepshield

**Members Absent:**

**County Staff Present:** Terri Orange, Tim Flora, Jennifer Durrett, Diane Price, Michael Frue, Dustin Clark, Kelly Houston

---

The Audit Committee Chairman, Larry Harris, called the meeting to order at 9:00 AM.

**Review and Approval of Meeting Minutes**

The minutes from the January 18, 2018 meeting were presented. There was no discussion. Commissioner Al Whitesides moved to accept the minutes, Andrew Hoffman seconded the motion and the motion passed unanimously.

**Discussion and Recommendation of the Financial & Compliance Audit Contract**

Jennifer Durrett, Controller, presented the RFP process for the external financial and compliance audit contract for FY18. The discussion of the process included:

- The Audit Selection Subcommittee consisted of:
  - Jennifer Durrett, Controller
  - Tim Flora, Chief Financial Officer
  - Jim Holland, Assistant County Manager
  - Kendra Ferguson, Audit Committee member
  - Danny Yelton, Audit Committee member
  - Mike Knepshield, Audit Committee member
- Requests were sent to nine firms – five responded
- The five firms were evaluated using a scoring matrix
  - Scoring Matrix consisted of two sections:
    - Qualifications/experience of firm, including information on staff training
    - Costs
  - Three firms were selected for interview based on evaluation from the Scoring Matrix
- The Audit Selection Subcommittee made the recommendation to select CliftonLarsonAllen (CLA).
- Comments during the discussion:
  - CLA has dedicated government auditing staff as well as specialized government IT staff.
  - CLA does more Single Audits than any other firm in the country.
  - CLA has committed to onsite presence.
  - CLA performs advanced data analytics.

Kendra Ferguson moved to accept the recommendation. Commissioner Whitesides seconded the motion. The motion passed unanimously to support the Selection Committee's recommendation of CLA as Buncombe County's external auditors for fiscal year 2018 and to forward the recommendation to the Board of Commissioners for approval. The next scheduled meeting for the Board of Commissioners is on April 10, 2018.

Chairman Harris thanked the Audit Selection Committee for their time and effort spent to analyze the responses and interview the firms.

### **Internal Audit Update**

Per the Charter, Terri Orange presented an update to the Committee on the Internal Audit Plan through fiscal year 2018 (Plan is attached to minutes). Most of fiscal year 2018 has been spent on building the Internal Audit function, working with new County leadership and assisting with the investigation. An additional Internal Auditor, Kelly Houston, is coming on board after the implementation of Workday. Ms. Houston, a Certified Government Auditing Professional (CGAP) and Certified Internal Auditor (CIA) previously served as Internal Auditor with the County before transferring to Payroll Supervisor and is a welcome addition back to the Internal Audit team.

During comments, the Committee asked about the status and use of the Whistleblower Hotline. Ms. Orange explained that the volume tends to ebb and flow and it is unknown if that is due to employees/citizens not feeling comfortable with it, or if there is just nothing to report. The call script used by the third party administrator has been updated to advise the caller that the information provided in the report may be subject to disclosure under public records law if it came up in a public records request. The hotline is promoted both internally and externally. The reports are routed to both Terri Orange and Kelly Houston. If a call is related to a personnel matter, the report is sent to the HR Director, Lisa Eby. If the HR Director were involved in the report, Ms. Orange advised she would consult with County Legal on it.

Chairman Harris suggested it may be beneficial for Internal Audit to send the committee a monthly update of Internal Audit activities.

With no further discussion, Ms. Ferguson moved to accept the Internal Audit Plan for the remainder of fiscal year 2018. Commissioner Pressley seconded the motion. The motion passed unanimously.

### **Meeting Schedule**

The following dates have been proposed as regular meetings of the Audit Committee and, upon approval, will be communicated to the media:

- Tuesday, June 5, 2018 at 9:00 AM
- Tuesday, October 23, 2018 at 9:00 AM
- Tuesday, December 4, 2018 at 9:00 AM

In the absence of an approved regular meeting schedule, routine Audit Committee meetings have been advertised as special meetings.

With no further discussion, Commissioner Whitesides moved to accept the regular meeting schedule. Danny Yelton seconded the motion. The motion passed unanimously.

### **Adjournment**

Chairman Harris adjourned the meeting at 9:36 AM.

**Buncombe County  
Internal Audit Plan  
4<sup>th</sup> Quarter Fiscal Year 2018**

It is required by the International Standards for the Professional Practice of Internal Auditing (Standards) and by the Internal Audit Charter (Charter) adopted by the Buncombe County Audit Committee in September of 2017 that Internal Audit prepare an annual audit plan to be approved by the Audit Committee. Plans will be prepared on a fiscal year basis.

This plan is for the remainder of fiscal year 2018 and is primarily related to stabilizing the structure of Internal Audit as we add resources and procedures. An annual audit plan for fiscal year 2019 will be presented to the Audit Committee for approval next quarter.

Fiscal year 2018 has been a year of rebuilding the Internal Audit function. This included implementing a reporting structure recommended by the Government Finance Officer's Association providing Internal Audit with the appropriate level of organizational independence by reporting to the Audit Committee and ensuring direct access to Senior Management and the Board of County Commissioners. In addition, relationship building has been a high priority given that I was new to the County and that there have been many changes in management structure since July 1.

This audit plan is subject to change throughout the period as the need arises. Therefore, some projects herein may not be conducted during the period and other projects may be added. Any significant change will be reported to the Audit Committee.

**Projects for the Remainder of Fiscal Year 2018**

- Continue to provide information for state and federal investigators related to their investigation of former County Manager
- Develop Internal Audit Procedures Manual as required by the Standards and our Charter
- Develop auditor dashboard in Workday – new ERP system to be implemented April 1, 2018
- Modify p-card audit program
- Assist management with developing COSO Internal Control-Integrated Framework training and implementation plan
- Begin planning for Sheriff transition audit

**Ongoing activities**

- Senior Leadership Team
- Management Team
- Fiscal Accountability Team
- Information Security and Privacy Governance Team
- Workday (ERP system) Governance Team
- Whistleblower Hotline administration and investigation
- Learning key personnel and operations of departments