

Minutes of Buncombe County Audit Committee
June 2, 2020
9:00 AM
Remote Meeting via Zoom

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

Members Absent: N/A

County Staff Present: Trisha Burnett, Kelly Houston, Terri Orange, Don Warn, Michael Frue, Lauren McClain (IT Support during meeting)

Others Present: Chris Kessler and Gaby Miller [CliftonLarsonAllen (CLA)]

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

Review of Remote Meeting Rules

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, § 166A-19.24.
- 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
 - The Chairman is required to conduct a roll call vote
 - The person recording the minutes will also record the times that attendees disconnect from the meeting.
 - Lauren McClain, the Information Technology support person who remained on the meeting to assist with technical items, advised that she could provide a report from Zoom that would log the depart times for each attendee.

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

The March 3, 2020 meeting minutes were presented and reviewed.

Commissioner Pressley moved to approve the minutes as presented. Danny Yelton seconded the motion. By roll-call vote led by Chairman Harris, the motion passed unanimously.

Fiscal Year 2020 Financial Audit – Update

Assistant Finance Director Terri Orange provided a brief update from the Finance Department’s perspective. CLA has provided the PBC list, which Finance is already working on. The Audit and Financial Reporting Manager has resigned, and the Finance Department will be filling this position soon. Due to COVID-19, the state has granted an automatic extension of the financial statement deadline from October 31, 2020 to January 31,

2021; however, the Finance Department would like to stay on track with completion and submission by October 31, 2020.

Chris Kessler with CLA began his presentation of the FY 2020 audit plan. The presentation is attached to the meeting minutes. A summary of the presentation is as follows:

- Overview of the auditor's responsibilities
- Planned scope and timing of audit activities
- Overview of governance and management responsibilities
- Communication throughout the audit
- COVID-19 impact and other considerations
 - More audit work will be completed remotely
 - There will be no shorting of procedures.
 - CLA will plan for all required onsite work to be completed at the same time to maximize the time CLA staff are onsite (to minimize travel and physical exposure).
 - Video meetings are working well with clients who are currently in the middle of audits.
 - CARES Act impact
 - Single audit rules are not yet available as of today's meeting date
 - May impact the audit completion, depending on when the rules are published
 - Finance Director Don Warn stated that the Finance Department is being proactive in tracking expenditures, assuming CARES Act funding will be on the SEFSA
 - Scheduled GASB implementations have been delayed
 - Tracking expenditures as they occur will help with FEMA, CARES Act, etc. by having the documentation complete as it happens.
- Other mentions
 - CLA has been working with Finance management throughout the year to do interim work to help balance the demands of the audit

Kendra Ferguson inquired on what the financial impact has been in fiscal year 2020 due to COVID-19. Don Warn estimated approximately \$750,000, but still have to factor in the salaries of staff who have been reassigned to COVID-19 related duties.

Member Reappointments

Chairman Harris requested an update from Internal Audit staff on the status of the Audit Committee vacancy posting and applications. The Clerk to the Board has posted this vacancy three times, and only one application was received. The application was emailed to the Audit Committee for review and consideration prior to the meeting.

Commissioner Whitesides moved to recommend the applicant to the Board of Commissioners for approval. Commissioner Pressley seconded the motion. By roll-call vote led by Chairman Harris, the motion passed unanimously. The application will now go before the Board of Commissioners for review and vote.

Internal Audit Update

Internal Audit Director Trisha Burnett updated the committee on what the Internal Audit Department had been working on since the last meeting.

- COVID-19 Impact on Internal Audit Work
 - Internal Auditor Kelly Houston has been reassigned to work full-time in Emergency Services during the COVID-19 response.

- Trisha Burnett has been assigned to respond to the County’s Let’s Talk calls and emails while the Communications Team is tied up with other projects.
- Both of these assignments are duties that are usually performed by employees outside of Internal Audit and can impact independence of future projects. Appropriate evaluations will be performed. Trisha Burnett wrote a memo for this circumstance, which was also used by the Association of Local Government Auditors (ALGA) as a model.
- The Risk Assessment process has been delayed, as face-to-face meetings and site visits are not an option during the COVID-19 period of social distancing.
- The ALGA annual conference has been canceled, which is a substantial amount of required CPEs for the year for Internal Audit staff. Staff will be participating in more online training in order to meet CPE requirements.
- ID Badge Audit Update
 - After learning of issues discovered in the initial audit-planning phase, management is making changes to the process that will reshape the audit. The audit is currently on hold.
 - Management took immediate ownership and responded before an audit was even completed.
- Budget Impact
 - COVID-19 will have an impact on the County budget as a whole, as well as on the Internal Audit Department’s budget.
 - Each department was asked to reduce their initial budget request by 1.5% due to expected decreases in sales tax revenue.

Audit Personnel Committee Update

Chairman Harris provided an update from the Audit Personnel Committee, which was the committee formed to complete the hiring of the Internal Audit Director last summer. The Personnel Committee consists of Chairman Harris, Commissioner Pressley, and Commissioner Whitesides, and coordinates with County Manager Avril Pinder.

- The Personnel Committee has completed Trisha Burnett’s six-month evaluation, which also included a self-evaluation from Trisha and feedback from Internal Auditor Kelly Houston.
- Chairman Harris, Commissioner Pressley, Commissioner Whitesides and Avril Pinder met to discuss the evaluation process and results.
- Avril Pinder met with Trisha Burnett.
- The Personnel Committee met with Trisha Burnett.

Trisha Burnett thanked the Personnel Committee and the County Manager for the evaluation and feedback, and stated to the Audit Committee that she welcomes feedback anytime to grow as a person, a leader and to make Internal Audit better.

Meeting Schedule Reminder for Calendar Year 2020

The following dates are for scheduled meetings of the Audit Committee for the remainder of calendar year 2020:

- Tuesday, October 20, 2020 at 9:00 AM
- Tuesday, December 1, 2020 at 9:00 AM

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.

Public Comment

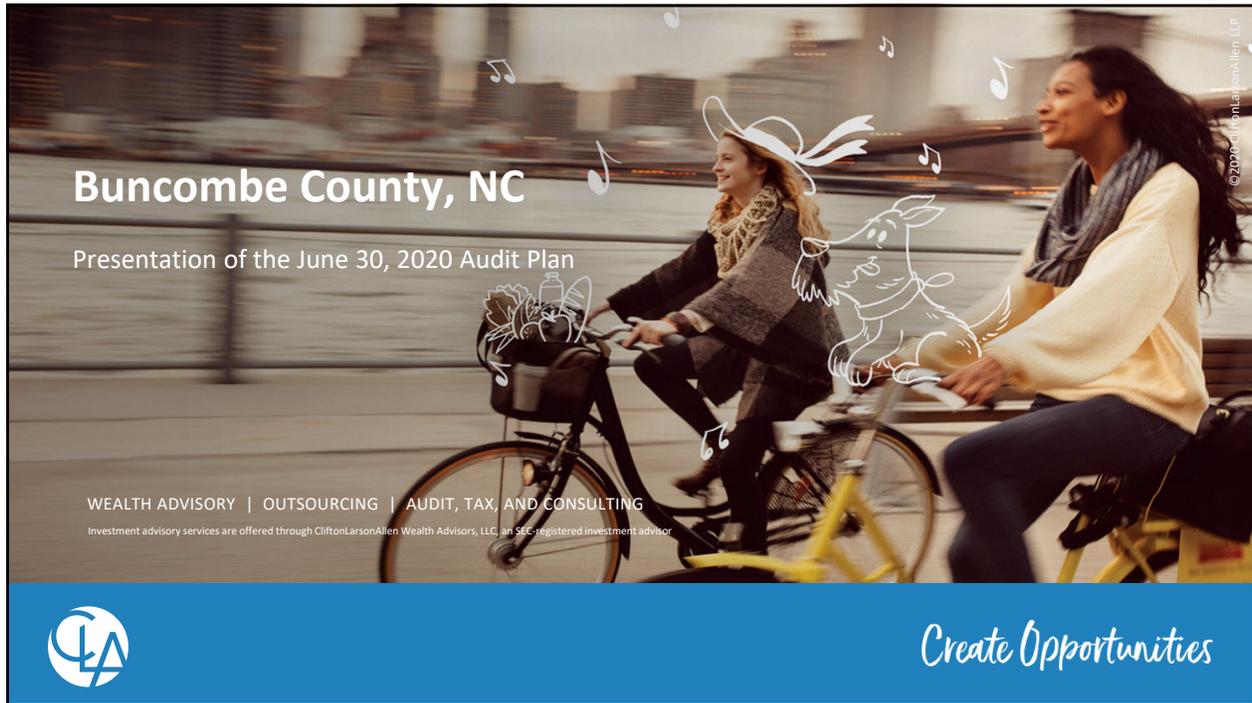
Chairman Harris noted that there were no members of the public present in the remote meeting to make comment.

Adjournment

Chairman Harris adjourned the remote meeting at 9:45.

Attendee Disconnect Times (Documented by Zoom Meeting Data Log)

Chairman Larry Harris	9:45 AM
Commissioner Robert Pressley	9:45 AM
Commissioner Al Whitesides	9:45 AM
Andrew Hoffman	9:45 AM
Kendra Ferguson	9:45 AM
Danny Yelton	9:45 AM
Mike Knepshield	9:45 AM
Trisha Burnett	9:45 AM
Kelly Houston	9:45 AM
Terri Orange	9:45 AM
Don Warn	9:45 AM
Michael Frue	9:45 AM
Lauren McClain	9:45 AM
Chris Kessler	9:30 AM
Gaby Miller	9:30 AM



Audit Services To Be Performed

- Financial Statements**
 - Financial statement audit for the year ended June 30, 2020 in accordance with *Government Audit Standards*
- Federal and State Compliance**
 - Single Audit in accordance with Uniform Guidance and the State Single Audit Implementation Act
 - Includes audit of the Schedule of Expenditures of Federal and State Awards and certification of the Data Collection Form

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Auditor's Responsibilities

- Forming an Opinion
- Considering Internal Control over Financial Reporting and Compliance
- Planning and performing the audit to obtain reasonable evidence whether the financial statements are free from material misstatement
- Performing tests of the entity's compliance with certain provisions of laws, regulations, contracts and grants

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Auditor's Responsibilities (Continued)

- Examining on a test basis, evidence about the entity's compliance with compliance requirements of each major federal and state program
- Communication of significant matters that are relevant to your responsibilities in overseeing the financial reporting process
- Communicating matters required by law, regulation, agreement or other requirements

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Planned Scope and Timing

- Auditing all major and non-major funds of the County
- Expected audit timing
 - Continuous auditing throughout the year and working through audit areas earlier than prior years
 - Planned issuance by October 31, 2020. The LGC has allowed extension until 1/31/2021.
- We will examine on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Obtain an understanding of the County and its environment, including the internal control
 - This will be used to assess the risks of material misstatement of the financial statements and;
 - To design the nature, timing and extent of our audit procedures
- Follow up on prior year findings and status of management’s corrective action plan

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Governance and Management Responsibilities

- Our audit does not relieve the Audit Committee, Board of County Commissioners or management of their responsibilities
- Management will be required to make certain representations at the conclusion of the audit

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Communication Throughout the Audit

- There will be two-way communication with governance throughout the audit
- We will communicate the results of the audit and any significant findings at the conclusion of the audit
- Some matters may be communicated sooner if significant

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7

COVID-19 Impact and Future Considerations

- LGC has extended financial statement deadline to January 31, 2021
- OMB has extended single audit deadline by 6 months
 - September 30, 2021
- CARES Act Funding impact on the financial statements and single audit
 - Timing of compliance supplement
 - ◇ Possible September Appendix

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8

COVID-19 Impact and Future Considerations

- GASB has delayed all accounting standard effective dates by 12 months
 - GASB 84 – Fiduciary Activities – FY2021
 - GASB 87 – Leases – FY2022
- Auditing in this environment
- Considerations for 2021 and beyond

