

Minutes of Buncombe County Audit Committee
February 21, 2023
9:00 AM
200 College Street, Room 310, Asheville, NC 28801

Members Present: Chairperson Kendra Ferguson, Commissioner Al Whitesides, Commissioner Terri Wells, Danny Yelton, Dr. Glenda Weinert, and Bill Christy

Members Absent: Patrick Fitzsimmons

County Staff Present: Dan Keister (Internal Audit Director), Candace Searcy (Internal Auditor), Paige Anderson (Internal Auditor/Audit Committee Secretary), Kelly Houston (Risk Manager), Michael Frue (Senior Attorney), Glenn Murray (Accounting and Reporting Manager), and Mason Scott (Interim Finance Director)

Others Present: N/A

The Audit Committee Chairperson, Kendra Ferguson, called the meeting to order at 9:00 AM.

Welcome New Members – Chairperson Kendra Ferguson

Chairperson Kendra Ferguson welcomed our three new members to the committee, Commissioner Terri Wells, Bill Christy, and Patrick Fitzsimmons.

Review and Approval of Meeting Minutes – Chairperson Kendra Ferguson

The December 5, 2022 meeting minutes were presented and reviewed. There were no revisions or discussion.

Through a voice vote, the motion passed unanimously.

External Audit Proposal Discussion– Chairperson Kendra Ferguson and Mr. Mason Scott

The county has used the same auditor, CLA, for the past five years, 2018 through 2022. It is standard practice every five years to bid out for proposal. On January 5th the request was issued. The finance department has completed an RFP and we have received four responses. Finance is asking for direction on next steps for this review. Finance’s next steps are targeting a presentation to the Board of Commissioners for approval of contract either late March or early April. The Audit committee will have virtual interviews with the four candidates to determine the best fit for the next external auditor. Proposals will be provided to committee members before interviews. Audit committee recommendation will be submitted to the Board of Commissioners on March 21st with an approval scheduled at the April 4th meeting.

Questions and Responses:

[Dr. Weinert] Once you set up the meeting dates with the external auditors will you send out an email?

[Chairperson Ferguson] Yes, we will coordinate with Paige.

Internal Audit Update – Internal Audit Director Dan Keister

Mr. Keister gave a brief update on Internal Audit activities, in addition to the Internal Audit Update Report, which is attached to the minutes.

Highlights of the Internal Audit Update include:

- 3 active audits, ITGC (reporting phase is complete) and Cash Management (testing/reporting phase), and Grants Management (planning phase).
- ITGC

- Documented over 90 key controls within the environment in Diligent.
- Inquiring with Legal department to get context on what we have performed and assessing the best reporting format and presentation audience for the ITGC audit results to prevent exposure that would put the County at unnecessary risk for attack.
- Next steps are tracking remediation items.
- Mr. Keister thanked the IT Department for their time and collaborative efforts throughout the audit.

Questions and Responses:

- [Chairperson Ferguson] What would be the timeline for remediation?
- [Mr. Keister] In diligent you can schedule an estimated target of remediation. Timeline will vary based on topic.
- [Chairperson Ferguson] What is the allotted time for internal audit staff to work on follow ups?
- [Mr. Keister] For higher risk items, I would say every three years you want to look at something as part of the audit plan. In this coming years audit plan, we will adjust for hours spent on remediation for all projects.
- [Chairperson Ferguson] Have the results from this audit been communicated to Avril?
- [Mr. Keister] The results have been communicated to Eric Grau, Information Technology Director. Next steps would be to have her included, and I think she needs to be included in some element of that ongoing remediation discussion.

- Cash Management

- Scoping discussions with Finance involved volume and complexity of transactions.
- Best practice checklist created in lieu of policy, aggregating these in a summary level discussion point.
- Flowcharts for specific departments cash management processes.
- We will make recommendations to departments and Finance.

Questions and Responses:

- [Mr. Christy] How many departments handle cash; I have no idea what the scope is?
- [Mr. Keister] It was quite a few, I don't have the total number off the top of my head but we selected five so that gives you a sense that it was a pretty large sample.
- [Chairperson Ferguson] What were some of the departments you looked at?
- [Mr. Keister] We looked at Sheriff's Office, HHS, Emergency Services, Register of Deeds and Tax.
- [Chairperson Ferguson] What kind of timeframe do you have in mind to wrap that up?
- [Mr. Keister] We want to ideally be through reporting in the next month or so.
- [Dr. Weinert] In your analysis with cash, did your determination rise to a level of concern?
- [Mr. Keister] Inherently cash handling processes are risky. I would put it at one of the higher risk areas. If you take it into the context of full scope of transactions and payment types we are taking in, it may not be the highest. We looked at five departments and the opportunity to streamline those processes through those departments, the opportunity is there for error.

- Grants Management

- Kickoff meeting with Rachel Nygaard and new grants manager, Amanda Thompson.
- Amanda's experience is with a centralized process and recommends this type of process rather than decentralized for Buncombe County.
- Setting example and standard (robust policy/procedure defined as manual) that we will audit against.
- Working with grant management team from centralized process to understand policy and take a sample-based approach, volume from a dollar standpoint and elements of full life cycle.
- System – element of centralization

Questions and Responses:

- [Commissioner Whitesides] Even though it is early, do you think down the road that it will be advantageous to centralize grants?
- [Mr. Keister] Discussions at this point from a best practice perspective would suggest centralizing. If you look at other places and recommendations by standards, I think centralized lends itself to less opportunity

to error or fraud in some cases. There must be a serious discussion around what does that resourcing module look like.

- [Chairperson Ferguson] What kind of population are we looking at? Are we looking at Federal, State, Local, Private?
- [Mr. Keister] We have currently pulled them all as available and we are analyzing that. We pulled the Grants Manager into the scoping discussion because she is fresh to the organization. She has experience in her previous role with centralized processes.

- Risk Assessment

- Kick off work soon.
- Bringing draft audit plan to June meeting,
- General program update
- Remediation discussion

Questions and Responses:

- [Chairperson Ferguson] In terms of timing, are we shooting for that June meeting where you will present a proposed audit plan?
- [Mr. Keister] Ideally, I would like to do June. Before that I would like to submit the risk assessment and draft audit plan for next year. I will also provide a general program update which the commissioners have requested.

- One EERL case has been closed since our last meeting. Multiple cases have been passed along to appropriate department.

Chairperson Ferguson reminded the Audit Committee that we are still recruiting for a member of accounting profession to replace Danny Yelton.

Public Comment

There were no members of the public who commented at the February 21, 2023, meeting.

Meeting Schedule Reminder for Calendar Year 2023

Tuesday, March 21, 2023, at 9:00 AM

Tuesday, June 6, 2023, at 9:00 AM

Tuesday, September 5, 2023, at 9:00 AM

Tuesday, December 5, 2023, at 9:00 AM

Adjournment

Chairperson Kendra Ferguson moved to adjourn the meeting. Commissioner Whiteside seconded the motion. Through voice vote, the motion passed unanimously. The February 21, 2023, Audit Committee meeting was adjourned at 9:50 AM.