

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

May 18, 2017

Fulton County Government Center
141 Pryor Street
10th Floor Conference Room
Atlanta, Georgia 30303

MINUTES

This document has been ratified and approved by the Audit Committee.

Ratified: September 14, 2017

CALL TO ORDER: Chairman Bob Ellis 2:02 p.m.

MEMBERS PRESENT: Commissioner Bob Ellis, District 2
Commissioner Lee Morris, District 3
Cheryl Blazej
Luther Burton
Phillip Hurd

ALSO PRESENT: Lenora Ponzo, Chief Clerk for State and Magistrate Court; Sharon Whitmore, Chief Financial Officer; Sallie Wright, Director of Information Technology; Glen Melendez, IT Assistant Director; Anthony Nicks, County Auditor; Brigitte Bailey, Audit Coordinator; Danielle Moore, Assistant Audit Manager; Tracee Shields, Auditor III; Tamika Stinson, Auditor III, Trina Alston, Title VI Coordinator; Ebony McNeill, Audit Intern; David Lowman, Staff Attorney; Fred Hoffman, Assistant to Commissioner Bob Ellis

INTRODUCTION: Commissioner Ellis welcomed the newest Audit Committee member Commissioner Lee Morris. Commissioner Morris provided his background.

ADOPTION OF AGENDA: A motion was made by Phillip Hurd to approve and adopt the agenda. This was seconded by Mr. Luther Burton. The motion passed by the following vote:

Yeas: 5
Nays: 0

ANNOUNCEMENT: Commissioner Ellis announced that Brigitte Bailey is leaving Internal Audit and will now be the Director of Customer Experience and Solutions.

RATIFICATION OF MEETING MINUTES: The meeting minutes from February 16, 2017 were reviewed, accepted and approved with no changes. **A motion was made by Mr. Philip Hurd and seconded by Commissioner Ellis to accept the minutes as presented. The motion passed by the following vote:**

Yeas: 5

Nays: 0

The final minutes will be placed on the Office of the County Auditor's website.

OLD BUSINESS:

State Court Cash Handling Procedures Update

Commissioner Ellis began the discussion by stating that State Court provided an update on their progress at the last meeting and will be providing further updates. Chief Judge Diane Bessen was not in attendance but another representative from State Court provided details on how they are addressing issues.

Lenora Ponzo began the update indicating that Chief Judge Diane Bessen was unable to attend the meeting and that she would provide an update. She also provided a State Court Audit Summary handout and explained that State court has engaged Tyler Technologies to determine best practices and perform a complete review of their systems which included case type and financial system. She explains that the review is broken into four (4) phases. They are currently in the middle of 1st phase and are expected to complete the 1st stage by the end of August. She continues by explaining that phase 1 includes aligning the general ledger accounts to the bank accounts, removing old financial codes, ensuring that funds related to the Magistrate Court cases that were established while under State Court's purview flows to State Court as well as funds collected for the Marshals. She indicates the biggest impact may be performing the end of month reconciliation process and that Tyler will be onsite the entire week to walk them through that process.

Glen Melendez went on to highlight the before and after observations of the assessment. He explained there were an issue reconciling accounts and that Tyler has identified the contributing factors which they plan to address. He also mentioned that they had to change the configuration for the Magistrate Court receipts which were behind the scenes system setup that required receivables to be set up accurately. Also, the Marshal's account had to be configured to make sure funds were allocated to the appropriate general ledger accounts in order to reconcile. Payment processing and credit card receipts had to be mapped to the correct accounts and they are exploring the use of new credit card receiving terminals that are compatible with Odyssey. They also had to inventory receivables to make sure things were going to right accounts and found gaps that caused reconciliations to be out of balance. He also stated that they assessed the processes in general and Tyler identified the need for utilizing a

suspense account. He further explained that they have a handle of what needs to be done they are just executing the plan. Phase 1 of the plan began two (2) weeks ago with a look at the mapping of the general ledger accounts.

Anthony Nicks commented that the core group has continued to meet to monitor the process and meetings are held twice a month to discuss the status of State Court. Glen Melendez continued by stating that the configurations are scheduled to go live in September and Tyler Technologies will be on site for the first week to monitor daily reconciliations and they will come back at the end of the month to monitor the monthly closeout. Glen Melendez called for questions.

Commissioner Ellis asked about the issues concerning funds coming in that should be routed outside of Fulton County such as garnishments. Lenora says all those accounts have been setup and updated in Odyssey. For instance, any funds due to the State such as, Peace Officers and Brain Injury Trust Funds you should be able to press a button, run a report, and print a check from the system to be sent to the State. Commissioner Ellis asked for confirmation that it is working now and Lenora Ponzio confirmed that yes it is working. Lenora explained it was reviewed as a part of phase 1 and that those were identified first and should be completed at the end of phase 1.

Anthony Nicks mentioned that Probate Court has a similar situation and that Odyssey is not working quite well for them. He indicated they are also using Quicken and make payments to the State. Phillip Hurd asked whether each court has their own financial oversight and if the general ledgers are unique to each area. Sharon Whitmore explained that tied to case types. Lenora Ponzio further explained that they are tied to case types which include criminal, civil, etc. and a complete breakout where funds should be disbursed are provided by the State. Phillip asked whether the State provides the definition case type. Lenora stated that the State provides a definition of add-on fees. For instance, if a case is \$200 it ends up being \$242 and the extra \$40 goes to the State into 16 different pots. The funds are provided to the State for the 16 different pots.

Phillip Hurd asked who is responsible for determining the account codes. Lenora answered that her office and Tyler Technologies determine those codes. Phillip asked if it needs to be recreated per office. Lenora explained that it should be recreated since the initial creation was conducted back in 2011/2012 and those individuals are no longer with the County. The system has been updated many times and there could be functionality that went live in 2013 that is available. So they had to go back and figure that out. Phillip Hurd explained he was trying to understand the setup of various chart of accounts and general ledgers for the courts since he is used to a single chart of accounts. Lenora explains that each court has different mandates and add-on fees. Sharon Whitmore went on to explain that there are not different instances of the Odyssey Financial Management System but that each court has different set-ups in the system based on the types of cases and types of disbursements that are made. She explains State Court has traffic and garnishments while Probate Court has marriage license and gun fees. Also funds related to an estate that may had to have been paid and held by the Probate Court until the

estate is finalized. So their general ledger accounts are setup relative to the types of cases and the types of disbursements. Phillip asked if there is one general ledger and accounts that apply to each court or multiple general ledgers. Sharon Whitmore explains that there is one instance of the Odyssey application but each court has their set of general ledger accounts. Probate Court gets to control their setup of accounts and processes in the system. Commissioner Lee Morris asks if there are different chart of accounts and single general ledger county-wide. Sharon responds that it is a completely separate system than what is used for the County and this system is what is used for their agency reporting. The courts can define their chart of account elements. Anthony Nicks mentioned that the assignment of the general ledger accounts is based on the court's legal requirements to do various things. Sharon Whitmore explained that the courts are separate agencies with separate constitutional officers and there is no overarching central point to say how they are setup. Each are setup based on their business process and the problem is when Odyssey was brought on-line the setup was not done as well as it should have and business processes were not updated along with the systems functionality that was added. So bringing in Tyler Technologies provided an opportunity to go through and do a clean sweep in order to automate their processes and utilize the financial module of the Odyssey system. This will have to be repeated with Probate.

Commissioner Ellis asks if the same issues with manual processes, segregation of duties and reconciliation may also exist in Probate Court. Anthony Nicks says he thinks there are similar situations based on his discussion with the Probate Court judge. Commissioner Ellis inquires whether there are similar issues with the credit card terminals just installed at Probate. Sharon Whitmore states that Probate was a little different since they had to go in and turn on that functionality. She indicates that they may have to go back and take a look at that but it may have been taken care of on the front end based on the timeframe in which the setup took place for Probate.

Commissioner Ellis asked about early indicator of issues based on our review of Juvenile Court. Danielle Moore stated that they don't accept credit cards and they are working with the JCATS system but still has to use QuickBooks. Glen Melendez comments that a system should be able to map back to specific cases or citations and once you get out of the system you are no longer able to do that. Commissioner Ellis comments that maybe this lends to a recommendation made from the Audit Committee through the Board of Commissioners that the entire judicial system move to a common core administrator.

Phillip Hurd comments that he thinks State Court has gained a tremendous amount of efficiency. Commissioner Ellis asked if they were sensing it. Lenora responded that they have gained a lot of benefits especially since aligning the fees in the system. Luther Burton asked about whether they have solved the issue with credit cards and debit cards. Glenn Melendez explains they have not yet worked it out and explains the issue surrounding credit cards. Tyler has made a recommendation on credit card terminals. Luther Burton asked if there was any issue in determining credit card versus debit card. Glenn Melendez responds no. Phillip Hurd explains how a credit card terminal should function. Lenora responds that they currently looking at some models just need to make sure they are compatible with Odyssey. Sharon

recommends mobile credit card terminals that can be taken in the courtroom so that payments can occur on the spot in addition to desktop terminals. Glenn added that Tyler provided other recommendations including utilizing e-file kiosks for customers to make payments which may simplify receipting process. Commissioner Ellis thanks State Court for the update.

Whistleblower Hotline/Fraud Hotline Update

Anthony Nicks provided an update on the Whistleblower/ Fraud Hotline. The hotline is up and running. There have been 25 cases received so far and a listing of the types of cases was provided. Anthony Nicks indicated that the goal is to receive a call from the hotline and within 24 hours review the case. Then a determination is made whether or not the case needs to be referred to another department or have his office conduct the analysis. Anthony Nicks mentioned that a lot of the cases received needed to be forwarded to Personnel and the Department of Diversity and Civil Rights Compliance unit. In that instance control of the case is relinquished but cases are monitored to make sure something is done on the case and provide a timeline for completion. He indicated that there has been some pushback on these cases from a couple of departments specifically, the Personnel Department has indicated that they have processes in place to deal with these issues and employees may be trying to circumvent that process by reporting matters to the hotline. There have been a couple of cases that included complaints about not receiving a quick enough response from the EEOC Department. We are trying to work through those issues. Those departments would like for us to turn those cases around instead of referring their office. Anthony Nicks indicated he doesn't think that is a good idea and anything that comes through the hotline needs to be addressed and referred to the appropriate department.

Phillip Hurd stated that if this is the kind of feedback it shows who is slow and has poor processes and people will wake up and pay attention to these things. In a year, you can conduct a trend analysis to see where resources may need to be applied. If you have 50 at the end of the year then this may be an area that may need to be reviewed. Anthony Nicks stated that he will be meeting with those departments next week to discuss their concerns. Commissioner Ellis asked if Anthony had spoken with the County Manager regarding those departments to get his support. Anthony wanted to hear what the departments had to say first before involving the County Manager. Anthony mentions it is important to maintain integrity of the line and thinks once people find out that certain things are not going to be looked at they may stop reporting. Commissioner Ellis thinks this issue should at least be elevated to the County Manager that he is obtaining that type of feedback from those department so he can reinforce. Anthony indicated he spoke with him briefly about it in Executive Team meeting.

Phillip Hurd mentioned about ten cases that were time abuse and were substantiated. Anthony indicated these cases were the same instance but an individual kept calling back to add information. Anthony explained the situation related to the case and indicated that this may be a County-wide issue since the County does not have an actual policy in place. Phil inquired about the process for clocking in. Sharon responded that it depends on the location; either swipe card or login on computer.

Lee Morris asked whether the same person kept reporting complaints. Tracee Shields indicated that because the complaints were anonymous she was unsure if it was the same person but it was the same complaint. Commissioner Morris asked about referring a sexual harassment case and whether it remains open once it is referred if the hotline were to receive such a case. Tracee Shields indicated once she receives a resolution from the department about a case then the case will be closed. She also explains about receiving cases related to personnel issues such as grievances. An employee reported a complaint to the hotline because the process has taken over a year. Anthony Nicks commented that he thinks it is important that we don't turn these cases around and continue to notify the departments and keep the County Manager informed.

Anthony Nicks informed the Audit Committee that the draft of policies and procedures for the hotline is about 75% completed. He intends on sending the completed draft to the committee to get feedback.

Cheryl Blazej asked the question about whether cases that are already pending are being monitored. Anthony Nicks stated that his office is actively monitoring all cases including pending cases. If departmental investigation is conducted then his office implements a timeline.

Commissioner Morris asked about review time of specific cases that were listed on the report as having not been reviewed within 24 hour period. Tracee Shields explained there was a systemic issue where email notifications were not being sent to notify users there was a new case.

Cheryl Blazej inquired about monitoring efforts when cases are referred to a department for investigation. Anthony Nicks gave an example of a case about an employee crashing company trucks and prior to referring it to the respective department we went to risk management to determine if there was documentation of the accident. Anthony Nicks indicated an issue the department has is the investigative analyst has not been hired as of yet. However we are close to hiring an analyst. Initial interviews were conducted and final interviews will be held the following week.

Commissioner Ellis asked if the Committee needs to designate a member to be the Systems Advocate in the event Anthony Nicks and/or Tracee Shields is mentioned in a Whistleblower case. Brigitte Bailey indicated Cheryl Blazej volunteered to be the Systems Advocate and will only get notified if the case involves Tracee Shields and Anthony Nicks. Commissioner Morris asked who has access to the Whistleblower hotline system. Tracee Shields responded only she and Anthony Nicks have access to make changes in the system.

NEW BUSINESS

Audit Committee Self-Assessment

Commissioner Ellis asked members to review the self-assessment document, make any necessary modifications and send it back to either himself or Anthony Nicks within the next two (2) weeks. Commissioner Ellis indicated that he will work together with Anthony Nicks to finalize the document and send it back out to the Audit Committee member to complete the self-assessment. Brigitte Bailey indicated that the self-assessment that was provided to the Audit Committee was just a sample document compiled from other sources and needed to be modified.

Audit Updates

Mr. Nicks began the discussion by providing a brief update on the Juvenile Court Cash Handling audit. He indicated that the fieldwork is completed and auditors are in the process of performing final analysis. Phillip Hurd inquired about what exactly was being audited at Juvenile Court. Mr. Nicks explained that the audit included areas of cash management and he also explained that a decision was made to look at cash management processes in all the courts. He indicated that there were plans to look at Superior Court next but they requested additional time so the next court that will be reviewed is Probate Court. Phillip Hurd pointed out that it appears that all the courts may have similar issues due to the lack of regulatory control in the units. Mr. Nicks responded that the issues may not be the exact same but will probably be very similar to issues. Phillip Hurd brought up the fact that all the courts that have been reviewed so far are using Intuit products. Mr. Nicks indicated that we still need to go through the audit process to put the issues on the table since the courts are independent. Phillip Hurd asked why there is not a single chart of accounts used by all the courts. Mr. Nicks suggested that may be something that needs to be recommended by the Audit Committee since the courts all have separate constitutional officers. Commissioner Ellis mentions that the County can request an internal audit of the courts to see how the funds are expended but they don't have a right to mandate the courts to do XYZ but they must have transparency. Mr. Nicks continued that the County can withhold funds since the County controls funding. Commissioner Ellis explains that conducting internal audits is the best mechanism and he provided an example related to the Sheriff's Department exercising his constitutional powers by refusing to use a vendor the County approved to provide certain services. Lee Morris indicated the courts report to the voters. Commissioner Ellis reiterated that audits provide a transparency mechanism.

Luther Burton recommends addressing the problem of the courts by having a separate system by having a more in-depth review such as an internal control audit. This audit should be conducted by a CPA firm and it differs from the annual audit conducted by the independent auditors as it takes a closer look at all of the internal controls in an organization. Mr. Nicks asked whether the current independent auditors that conduct the annual financial perform an internal control review. Lee Morris commented that the annual audit is required to conduct some analysis of internal controls and it appears that is what's being done internally. He is not sure that even if the external auditors perform that type of review for the courts and provide recommendations that the County would be able to impose it. Sharon Whitmore commented that all it would be are the auditor's findings and the constitutional officers would provide a

response and a plan. Anthony Nicks stated that when issues are identified in the court they do make a concerted effort to correct the issues. Sharon Whitmore mentioned that State Court embraced the recommendations. Commissioner Ellis stated that the Board has pushed the courts to move to a common administrator but there has been some resistance. Commissioner Ellis inquired about the release date for the Juvenile Court report. Danielle Moore responded that the report will be ready within the next week.

Commissioner Ellis provided an update on the Tax Assessor's performance review conducted by the Georgia Department of Revenue. As a result of a review conducted by the County Auditor's Office, the Board requested the Georgia Department of Revenue conduct a review. A group of peer assessors and state employees are performing the review and will formulate a report. Anthony Nicks has provided them with information compiled during the County Auditor's review. The review is currently still ongoing.

Personnel Update

Mr. Nicks informed the Committee that the Audit Coordinator position will be advertised in the next week or so. Brigitte Bailey stated that the Audit Manager is expected to be back from maternity leave on June 7th and commented that the family is doing well. Commissioner Ellis inquired about any open personnel situations. Ms. Bailey identified the Investigative Analyst position is expected to be filled by June. The Audit Coordinator position will be advertised next week but that is contingent upon the Personnel Department completing their process.

Anthony Nicks introduced Ebony McNeill, the intern that will start her internship in the office at the end of the month. Ebony McNeill spoke and provided her background. Brigitte Bailey also informed the Committee that there will be two (2) individuals interning. Anthony Nicks indicated that the second intern is Connor Bennett and provided a brief background on Connor Bennett.

OTHER BUSINESS

Audit Software Update

Phillip Hurd inquired about the use of Team Mate. Anthony Nicks informed him that Team Mate is going absolutely great. Danielle Moore indicated that Team Mate has been up and running since April. Juvenile Court is the first audit in which the electronic workpapers module was used. Auditors are in the process of inputting information from 2017 that were completed prior to the implementation of Team Mate.

Anthony Nicks informed the Committee that his office has obtained access to the system that manages the County's travel and purchasing card transactions. IDEA will be used to conduct ongoing analysis.

Phillip Hurd commented that he has seen progression in the last year and a half. He has seen a difference in what the office is doing now versus matters that were discussed during the first Audit Committee meeting.

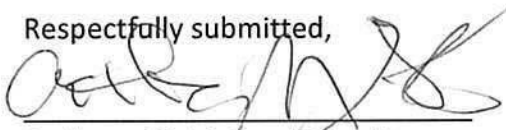
Risk Assessment

Anthony Nicks mentioned that Team Mate will be used to conduct the risk assessment. A big part of the risk assessment process will be gathering data and the interns will be assisting in that process. Mr. Nicks indicated that he intend to use graduates from the CPM Program that intern with the County's Chief Operating Officer to assist in gathering data as well. He explained that the data gathered will be used to create heat maps and determine an audit plan.

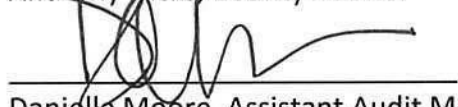
ADJOURNMENT

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 3:09 p.m.

Respectfully submitted,



Anthony Nicks, County Auditor



Danielle Moore, Assistant Audit Manager