

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

February 29, 2016

Fulton County Government Center
141 Pryor Street
Conference Room 4056
Atlanta, Georgia 30303

MINUTES

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

Ratified: May 12, 2016

CALL TO ORDER: Anthony Nicks, County Auditor 2:00 p.m.

MEMBERS PRESENT: Commissioner Bob Ellis, District 2
Commissioner Joan Garner, District 4
Cheryl Blazej
Luther Burton
Phillip Hurd

ALSO PRESENT: Queena Jenkins, Audit Manager; Danielle Moore, Assistant Audit Manager; Brigitte Bailey, Audit Coordinator; Tracee Shields, Auditor; Trina Alston, Title IV Specialist; David Lowman, Staff Attorney

ADOPTION OF AGENDA: A motion was made by Commissioner Garner to approve and adopt the agenda. This was seconded by Commissioner Ellis. The motion passed by the following vote:

Yeas: 5- Garner, Ellis, Blazej, Burton, Hurd

Nays: 0

INTRODUCTIONS: All meeting participants and attendees were asked to introduce themselves

ORIENTATION: Mr. Nicks, County Auditor, conducted a brief orientation for the Audit Committee members, which included the following:

- An overview of the roles and responsibilities of the committee;
- The purpose of the Audit Committee;

- A review of the Office of the County Auditor, its goals, measures and accomplishments along with the department's structure and staffing needs;
- A review of the types of audits including a review of a sample of the audits completed;
- A review of the Audit Request/Response Policy and Procedure;
- A review of the tentative 2016 Audit Plan;
- A brief review of upcoming projects that will require the attention of the Audit Committee, which include the development of an Audit Charter and the implementation of the Fraud/Whistleblower hotline; and
- The establishment of a 2016 Meeting Schedule along with collection of the vendor information form.

Departmental Overview/Staffing

Commissioner Garner wanted to know the level of staffing the County Auditor felt he needed to run a more efficient Audit Department. Mr. Nicks indicated having a total of 7 auditors would be ideal. Additionally, he noted the need for additional staff for the Fraud/Whistleblower hotline if this program is implemented within Fulton County.

Commissioner Ellis indicated they would take a look at the staffing piece very robustly if the County did in fact implement the Fraud/Whistleblower hotline. Commissioner Ellis also requested that the County Auditor prepare a brief overview of his current staffing needs for the Committee.

There was discussion by Mr. Hurd on the necessity of the Fraud/Whistleblower hotline as a result of Fulton County receiving Federal grant dollars. He described the type of positions and experience required for those individuals (investigative and fraud examination) that would be needed for individuals assigned to work in this area. Mr. Hurd recommended to Mr. Nicks that he review the Federal Citizen Guidelines, which gives an in-depth review of requirements.

During the department overview, Mr. Burton asked Mr. Nicks to review the overlap between the accounting department, internal audit and the external auditors. Mr. Nicks explained that there is very little overlap in that the external auditors are here to prepare the County's financial statements and that the Finance Department handles all of the accounting functions for the County. Our office is responsible for overseeing deficiencies found by the outside audit firm; we monitor the progress of all corrective action.

Audit Response/Request Policy and Procedure

Ms. Jenkins, Audit Manager, conducted a review of the Audit Request/Response Policy. Concerns were raised by Committee members regarding the final audit report being released without the management response accompanying the final report. Discussion occurred regarding practices in other public and private industries and the length of time it would take the Commissioners to receive the final reports if management responses accompanied the reports. Commissioner Garner indicated she had not experienced any problems with receiving the reports separately. Mr. Burton indicated an American Institute of Certified Public

Accountants (AICPA) practice is to have them flow together. Ms. Blazej indicated it might create a better work flow for the auditors and provide more ease for the Commissioners in tracking the findings and what's being done to correct them if audit reports and management responses were distributed simultaneously. Ms. Moore, Assistant Audit Manager, indicated audit reports flowed separately without management responses to the Board of Commissioners (BOC) to ensure they are aware of our audit findings immediately upon audit completion prior to access being granted to the general public. Following discussion, there was a general consensus that this item needed to be reviewed and possibly amended so that final audit reports contain the management responses before they are released. In an effort to ensure the BOC are provided with timely reports, Ms. Bailey, Audit Coordinator, asked the Committee to consider as a part of their review of the policy to shorten the management response time from 30 days to 15 days. Ms. Bailey also reminded the Committee that should they desire to move forward with amending the policy, it would require approval by the BOC in that the policy and procedures are a BOC approved item and only they are authorized to complete such amendments. **Commissioners Ellis and Garner agreed to work together to modify the Audit Request/Response Policy to be more in line with audit reporting practices and to look at a way to expedite the management responses as well.**

Mr. Hurd indicated he meets with his managers regularly to provide updates on the progress of audits and any sensitive findings prior to the final reports and management responses being published. This is done to ensure his executives are fully aware of any findings that could negatively impact the organization. Commissioner Garner mentioned that in previous months she's wanted Mr. Nicks to attend Executive session for this reason also. **Commissioners Ellis and Garner would like explore the possibility of Mr. Nicks' attendance during executive session and would like to see him provide regular updates to the BOC regarding the status of audit reports, investigations and their findings.**

2016 Audit Plan

The 2016 Audit Plan was reviewed by Mr. Nicks. Mr. Hurd was interested to know how the department developed the Audit Plan. Mr. Nicks provided the methodology used and factors that were taken into consideration in its development. Mr. Hurd asked about the type of risk assessment and audit software used. Mr. Nicks explained due to budgetary constraints, the Office did not have any auditing software and used a manual process. Concerns were raised by Committee members regarding the department's ability to effectively conduct data analytics without the use of auditing software. Ms. Blazej felt this software could be very beneficial to the auditors and the County by lessening the burden of performing manual audit work, providing a more accurate means of collecting data and identifying high risk areas. **Without the presence of software, Mr. Hurd recommended we place every department on the audit schedule at least once every five years to ensure every department in the County has a review of some sort. Commissioner Garner liked this idea and agreed that it should be done.**

Mr. Hurd raised concerns about the types of audits and reviews we have scheduled to conduct. He felt some of these items were more reviews that should be completed by management in the respective departments or conducted by a consultant under the purview of the County

Manager's Office as they were outside of the scope of an audit department. Things such as business process improvement reviews were more of management's responsibilities vs. that of an audit department. Mr. Nicks explained that some of the requests were performance reviews and those were things that the audit department did complete. **Commissioner Ellis would like the department to prepare a prospective audit plan of what we should be doing and he would like to see those items with greater risk and the potential of fraud take priority over other types of audits and reviews, i.e., business process improvement reviews and performance reviews.**

Commissioner Ellis recommended that we try to obtain audit software and determine if we have the ability to purchase it out of funding in non-agency or contingency accounts. Commissioner Ellis asked that the Office provide him with a cost estimate for auditing software.

Vendor Information Collection

Ms. Bailey reviewed the vendor information collection form and provided an explanation for its use, which is to input the Committee members' information into the vendor system that will allow her to process their stipend check. These forms were completed by the Committee members and submitted to Ms. Bailey for processing.

2016 Audit Committee Meeting Schedule

Ms. Bailey reviewed the legislation that dictates members of the Committee must conduct a meeting at least quarterly per year and explained that those dates must be published in accordance with the open meetings act. Ms. Bailey solicited days and time from the members who in turn made the recommendation to her to select various dates and times within each quarter and then poll the Committee for their availability. **Ms. Bailey will select those dates and times and provide those to the Committee for their confirmation.**

ACTION ITEM REVIEW AND DISCUSSION:

Audit Charter Development

Mr. Nicks informed the committee that they had the responsibility of developing an audit charter, which more specifically outlines their role and powers. In an effort to provide assistance in this area, Ms. Bailey researched the content requirements for an audit committee charter as defined and published by the Institute of Internal Auditor and reviewed sample audit charters from various public and government organizations. An audit charter for the committees review was drafted using a model audit charter template prepared the New York State Authorities as it contained the majority of the items required under the IIA guidelines. This was provided to the Audit Committee for review, input and consideration. The Audit Committee agreed to review the sample and will be prepared to discuss the item at the next scheduled meeting.

Fraud/Whistleblower Hotline

Mr. Nicks reviewed the necessity of the Fraud/Whistleblower Hotline and indicated the County had completed the process of developing a draft Request for Proposal (RFP) for their review.

Committee members reviewed the draft and would like the following additions included in the RFP: 1.) the County be allowed to own the phone number assigned to the hotline, and 2.) ensure that the County has the ability to download case files and information should vendors change in the future.

Commissioner Garner made a motion to move forward with release of the RFP with the recommending additions of owning the fraud/hotline number and ensuring the County has the ability to download case management files and information. This was seconded by Mr. Hurd. The motion passed by the following vote:

Yeas: 5- Garner, Ellis, Blazej, Burton, Hurd

Nays: 0

Audit Review Process

Mr. Nicks reviewed the audit review and release process for the department. Committee members agreed that final reports are to be emailed to the Committee members and members of the BOC simultaneously.

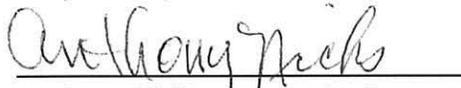
OTHER BUSINESS

The Audit Committee liked the information provided on the activities and statistics provided by Mr. Nicks during his review and would like a report presented at the next meeting on prior years' activities and statistics.

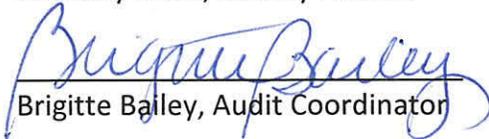
ADJOURNMENT

There being no further business, a motion was made by Mr. Hurd to adjourn and the meeting adjourned at 3:45 p.m.

Respectfully submitted,



Anthony Nicks, County Auditor



Brigitte Bailey, Audit Coordinator