

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

February 16, 2017

Fulton County Government Center
141 Pryor Street
4th Floor Conference Room 4056
Atlanta, Georgia 30303

MINUTES

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

Ratified: May 18, 2017

CALL TO ORDER: Chairman Bob Ellis 2:03 p.m.

MEMBERS PRESENT: Commissioner Bob Ellis, District 2
Luther Burton
Phillip Hurd

ALSO PRESENT: Judge Diane Bessen, Lenora Ponzo, Chief Clerk for State and Magistrate Court; Verona Walker, Courts; 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; Tamika Stinson, Auditor III, David Lowman, Staff Attorney; John Coulborn, Assistant to Commissioner Bob Ellis, Fred Hoffman, Assistant to Commissioner Bob Ellis, Natalie Hall, Assistant to Commissioner Joan Garner

ADOPTION OF AGENDA: A motion was made by Mr. Phillip Hurd to approve and adopt the agenda with one amendment that including moving up the State Court item to the first order of business. This was seconded by Mr. Luther Burton. The motion passed by the following vote:

Yeas: 3

Nays: 0

RATIFICATION OF MEETING MINUTES: The meeting minutes from September 12, 2016 were reviewed, accepted and approved with no changes. A motion was made by Mr. Philip Hurd and seconded by Mr. Luther Burton Hurd to accept the minutes as presented. The motion passed by the following vote:

Yeas: 3

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

Mr. Anthony Nicks, County Auditor, began the discussion with a recap of the progress made to date on issues identified in the State Court Audit. He explained that the Department of Information Technology (DoIT), Chief Financial Officer (CFO) and the Audit Department had been meeting regularly to address concerns outlined in the audit. He introduced Judge Diane Bessen, Chief Judge, who was present to outline her position on the audit and its findings. Judge Bessen indicated she wanted to attend the Audit Committee Meeting to meet the people involved and reiterate her commitment to ensure funds are accounted for and records are in proper order. She met with the Chief Clerk who provided the initial management response to which Judge Bessen later provided a subsequent response demonstrating that the court takes the matter seriously and will work to put processes and automated systems in place that will resolve the issues. Currently they are working with Odyssey to fully utilize the system in an effort to eliminate the need for manual systems. There are limitations to Odyssey so they are trying to figure out what more they can do electronically and change their processes to address system limitations.

Commissioner Bob Ellis inquired as to whether or not segregation of duties is being worked on. Per Ms. Lenora Ponzo, Chief Clerk for State and Magistrate Court, that matter has been resolved. Commissioner Ellis confirmed with Mr. Sharon Whitmore, CFO and Mr. Nicks that this was sufficient to which they replied yes. Mr. Nicks does feel there is improvement and that the Audit Department will go back and review their processes following completion to ensure compliance. Mr. Luther Burton, Audit Committee Member, wanted reassurance that the Odyssey Program and information that goes into the financial reports match up when the external auditor comes to review. Per Sallie Wright, Chief Information Officer, Tyler Technologies will be coming in to do a business process review. Mr. Burton expressed concerns regarding the financial statements accuracy. Commissioner Ellis went on to state that there are challenges in State Court because they receive funds that in turn go out to other entities. He was interested to know if Tyler Technologies product can be automated so that it get funds to other parties since this is what caused the need for multiple excel spreadsheets for disbursements. Ms. Whitmore explained that State Court takes in funds that are meant to be disbursed so their case system needs to have a financial system that can track both court and financial activities. It needs the ability to see where fines belong and be able to disburse them out. The Finance Department will be working with Tyler Technologies to make sure Odyssey can do this. To Mr. Burton's point, yes accountants will be involved, the Comptroller and the Finance Director, all who are Certified Public Accountants, will ensure all of the basic requirements are met. Mr. Glen Melendez, IT Assistant Director, explained the process in further details. Ms. Whitmore indicated that looking at compliance, at the end of the day they hope to be able to address internal control issues and the internal/external auditors concerns.

It will take time to fix and will not be an overnight process and that all parties are working together to get the matter corrected. Mr. Phillip Hurd, Audit Committee member, thanked Judge Bessen for coming to speak with them. He felt she fully understood the problems and was glad to see the progress they were making. **Judge Bessen requested to attend the next meeting as well.**

Audit Software Update

An update was given by Mr. Nicks pertaining to the procurement of the Audit Software. The software has been approved and procured and is on track for full implementation. Training has been conducted and Mr. Nicks indicated he would like to have a conversation with Mr. Hurd to discuss the full capabilities of the system. Mr. Hurd indicated he would have his staff contact Ms. Brigitte Bailey, Audit Coordinator, to make arrangements for our staff to come to his office to review.

Whistleblower Hotline/RFP Update

Mr. Nicks provided an update for the Whistleblower/Fraud Hotline. The system is now fully operational and the Department of Communications prepared a marketing plan to push out to employees. To advertise the program, the Department of Communications will place posters in county buildings, send out email blasts and advertise on FulcoNews. Tracee Shields, Auditor III, recommended incorporating the Whistleblower/Fraud Hotline into the County Manager's Road trips. The Department of Communications recommends Mr. Nicks complete a segment on Fulton County Government Television (FGTV) to advertise the hotline. Mr. Hurd recommended that the hotline information may be able to be placed on the back of employee identification cards as well. Ms. Whitmore recommended that as the County rolls out the new cell phones, this information could be included as a part of that rollout as well. Mr. Hurd also recommended stickers could be placed on phone chargers. Mr. Nicks thanked them for the recommendations and will look into it.

NEW BUSINESS

Election of Audit Committee Chairperson

Mr. Hurd made a motion to nominate Commissioner Ellis to serve as the Audit Committee's chairperson for the 2017-2018 term. Mr. Burton seconded that motion. The motion passed by the following vote:

Yeas: 3

Nays: 0

2017 Tentative Audit Plan

Mr. Nicks reviewed the 2017 tentative audit plan and provided an explanation as to how the items listed on the plan were decided. Mr. Nick attended the Board of Commissioners (BOC) retreat and selected items to audit outside of our mandated audits that were a priority of the BOC. Mr. Hurd requested an explanation to define what the Treasury Gift Card Audit. Ms. Whitmore explained to program. Mr. Hurd recommended we look at fuel cards as well. Ms. Whitmore explained that our fuel cards can only be used at one of the County's fueling stations

and regular fuel cards are only assigned to people when traveling in a county vehicle. She believes there are a few cards assigned to people on a regular basis but that number is limited.

Mr. Burton wanted to know do we spend more time auditing the court system versus other systems. Mr. Nicks indicated that the court systems are more difficult to audit as they are run by constitutional officers who are charged with managing their courts the way they see fit. Mr. Nicks indicated his office is trying to spend a little more time there; however, Commissioner Ellis indicated they can resist.

Commissioner Ellis feels we should think about reviewing Juvenile Court and Probate Court as it relates to their cash handling procedures as well. Ms. Whitmore believes Superior Court probably has the largest cash flow through but Probate Court has an equally large amount as does the Sheriff's Office. Ms. Whitmore indicated that the Finance Department is looking at Probate Court. Mr. Nicks indicated that the Audit Department will alter their schedule to include an audit of both Juvenile and Probate Court.

Audit Committee Annual Report

Commissioner Ellis reviewed the requirements of the audit committee report that had been prepared for the Audit Committee. Mr. Burton raised a couple of questions that were answered by Commissioner Ellis. Mr. Hurd felt the report was pretty factual. The Audit Committee gave Ms. Bailey direction to release the report to the BOC with the minor changes discussed with Mr. Nicks.

Audit Committee Self-Assessment

Ms. Bailey reviewed a draft of the Audit Committee's self-assessment that was prepared by the Audit Department. Burton had a question regarding the sample assessment and Ms. Bailey explained that the self-assessment is just a sample document compiled from other sources that contained the types of questions, categories and ratings used by various other private and public entities. This document was being provided to the committee strictly as a sample and that the Committee would have to review the document and make changes to determine what they wanted their assessment to contain and make the document their own. She recommended reviewing the audit legislation and charter in making final determinations on inclusion in the document. **Commissioner Ellis asked the committee members to review the document provide by Ms. Bailey and email her with the changes before the next meeting so that she can prepare a draft document for them to review at the next committee meeting.**

Audit Survey

In an effort to monitor the department's performance, the department developed a survey designed to monitor its performance with their internal clients in the form of an audit survey. Ms. Bailey in conjunction with Mr. Nicks explained its purpose and why we wanted to gage the performance of the department. Mr. Hurd indicated we may get conflicting responses based upon the success or failure of a department's audit. Mr. Burton agreed and added that the auditor is always seen as an adversary but supported the idea. Commissioner Ellis asked Mr. Hurd if Georgia Tech had any similar surveys for their audit department to which he replied yes

and that the Institute of Internal Auditors indicates that you should. Ms. Bailey went on to explain the process the department would follow and the types of questions contained in the survey. She also indicated there were two sets of surveys; one for audited departments and one for senior and executive level management that would be disbursed to the BOC, Audit Committee, County Manager, Chief Operating Officer and Chief Strategy Officer. The instrument will be used as a feedback tool to make improvements and address any concerns prior to them escalating.

Audit Updates

Mr. Nicks indicated there was a review of the Employee Wellness Fund. Mr. Hurd inquired as to what that review was and what was involved in the review. Ms. Whitmore explained that it was funding provided to the county from one of our insurance carriers that paid for things such as guest speakers, walks, runs and healthy loser competitions all designed to improve the health of county employees. The audit was requested by the Finance Department after some concerns were raised. The audit revealed several problematic issues such as conflicts of interest, lack of documentation, etc. Since the audit was released, the Employee Wellness Fund committee had been dissolved.

Commissioner Ellis informed the Audit Committee about the Tax Assessor's Audit and as a result of it being beyond the expertise of the audit department, the matter was referred to the Georgia State Department of Revenue for review. The BOC requested this performance review.

Mr. Hurd reiterated that he was pleased with State Court's progress and doing follow-up will be key to ensuring appropriate steps are being taken. Commissioner Ellis indicated that if they can get it automated it can work. Ms. Whitmore specified that she talked to Tyler Technologies and they believe they can do what is needed but it will take time to get the financial side of Odyssey up to where it needs to be for State Court.

Personnel Update

Ms. Bailey informed the Committee that two new positions had been approved, which are the Investigative Analyst and the Title VI Coordinator. The Investigate Analyst had been advertised and the department was waiting to receive the list of qualified applicants. In addition, the grade for the Title VI Coordinator was under review by the Personnel Department. Upon completion, this position will be advertised.

OTHER BUSINESS

Audit Charter

The Audit Charter was distributed to committee members for signature. Those members who were absent received a copy and via email or via their Chief of Staff and were asked to sign and return it to Ms. Bailey.

Announcement

Ms. Bailey announced that Ms. Queena Jenkins, Audit Manager, had received her CPA designation in January.

Risk Assessment

Ms. Tamika Stinson, Auditor III, wanted to provide an update on the status/progress of the risk assessment. Mr. Nicks explained that the audit department will be conducting a county-wide risk assessment and will meet with upper management in addition to contacting the external auditor to determine how detailed the risk assessment is that they complete for the county when conducting their external audit. Commissioner Ellis wanted to talk more in detail off-line about the matter.

ADJOURNMENT

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 3:15 p.m.

Respectfully submitted,



Anthony Nicks, County Auditor



Danielle Moore, Assistant Audit Manager