

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

September 13, 2018

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

MINUTES

Ratification Date: December 10, 2018

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

MEMBERS PRESENT: Commissioner Bob Ellis, District 2
Commissioner Lee Morris, District 3
Phillip Hurd

ALSO PRESENT: Anthony Nicks, County Auditor; Queena Jenkins, Audit Manager; Robbie Bishop-Monroe, Audit Coordinator; Stacy Jones, Assistant Audit Manager; Tracee Shields, Auditor III; Tamika Stinson Churchill, Auditor III; Ebony McNeill, Investigative Analyst; Trina Alston, Title VI Coordinator; Jenn Thomas, Chief of Staff to Commissioner Morris; Fred Hoffman, Chief of Staff to Commissioner Ellis; Sharon Whitmore, CFO; Ray Turner, Deputy Director of Finance; Angela Ash, Grants Administration; John Jordan, Principal PJC Group, LLC; Shauna Herbert, Audit Manager, PJC Group, LLC.

INTRODUCTION:

ADOPTION OF AGENDA: A call was made by Commissioner Bob Ellis, to approve and adopt the agenda. Phillip Hurd motioned to adopt and it was seconded by Commissioner Morris. **The motion passed by the following vote:**

Yeas: 3

Nays: 0

RATIFICATION OF MEETING MINUTES: The meeting minutes from May 15, 2018 were reviewed, accepted and approved with no changes. **A motion was made by Phillip Hurd to approve and seconded by Commissioner Morris 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.

Mr. Nicks, County Auditor, introduced that the new Assistant Audit Manager is Stacy Jones.

Audit Presentation

The External auditors were present to discuss the external audit results. John Jordan, Principal PJC Group, LLC and Shauna Herbert, Audit Manager of PJC Group, LLC introduced themselves. They discussed the following: audit team members, summary of the deliverables, and summary of the audit results. The deliverables included the Comprehensive Annual Financial Report (CAFR), Fulton County Employee Retirement System, Fulton County Retirement System Pension Plan, Uniform Guidance Single Audit A-133, Water and Sewer System Fund, the Fulton County Jail Prison Welfare Fund, agreed upon procedures for the Georgia Department of Human Services, the form to attest to the Fulton County SPLOST in accordance with the applicable regulations and guidelines (separate opinion), and a management letter if applicable. There was no management letter applicable for this financial audit.

Shauna Herbert discussed the required communications, which included the auditor's responsibilities. Some of the topics discussed were as follows: a modified opinion was issued on the financial statements and they were prepared in accordance with generally accepted accounting principles. There were no difficulties during the audit and full cooperation was received from management and staff, and there were no disagreements related to accounting or other financial reporting matters. The Single Audit was conducted in accordance with Uniform Guidance. Seven (7) major programs were audited. An unmodified opinion was issued on six (6) programs and a qualified opinion was issued on one (1) program. There were findings related to the Workforce Investment Act (WIA) program in the areas of allowable costs and eligibility.

The auditors are independent, in regards to the County and the financial reporting process. The audit was completed by the due date, corrective actions for the 2016 audit were implemented, procedures related to the accrual of accounts payable were improved and accruals were reasonably stated, also State Court implemented procedures to increase financial accountability with the implementation of electronic financial software, and bank reconciliations appeared to be accurate and were provided in a timely manner. There was no management comments related to the 2017 financial audit.

Commissioner Morris asked if the audit of the Water and Sewer Fund was present to review, John Jordan and Shauna Herbert responded that these reports can be provided after the meeting; however, they were provided to the County. Commissioner Morris asked which program obtained a qualified opinion. Shauna Herbert responded that the qualified opinion is related to the Workforce Investment Act (WIA) program. Philip Hurd inquired about the reason for the qualified opinion; Shauna Herbert stated that the allowable costs were calculated

incorrectly based on an incorrect rate, which resulted in a finding related to eligibility. This finding was noted as a significant deficiency.

There was a discussion related to how this finding occurred and it was communicated that based on conversations with staff, it was due to human error. John Jordan indicated that the standards changed under the Uniform Guidance, which categorizes this issue as a finding. Commissioner Morris inquired if there are other repercussions related to this issue and Ray Turner inquired with Angela Ash if the amounts were repaid. Angela Ash indicated that the amounts have not been repaid; however, once the report is submitted to the Federal Clearing House, they will determine which additional steps are required.

Commissioner Ellis inquired if the same programs were audited each year; John Jordan responded that the Uniform Guidelines determine which programs should be audited. Commissioner Ellis asked what are the seven (7) major programs that were reviewed and the following programs were noted: 1) Women Infants and Children (WIC), 2) Workforce Investment Act (WIA), 3) Airport Improvement Program, 4) Highway Planning and Construction, 5) Partnership to Improve Community Health (PIC), 6) HIV Prevention Program, and 7) Staffing for Adequate Fire and Response.

Commissioner Ellis inquired about findings related to the audit and John Jordan responded that any findings would be communicated in the management letter. Commissioner Ellis asked whether there were difficulties during the audit and if there are any component reports or entities outside of Fulton County (other than Grady Memorial Hospital). Ray Turner responded that the Fulton County Board of Health is new and they are on a June 30, 2018 fiscal year end and the information from this unit will be reported in next year's CAFR.

Phillip Hurd inquired as to whether the Atlanta Zoo should be included in this report and John Jordan responded that it is not included. Commissioner Morris shared that there are some debt obligations related to the Zoo, however the inclusion is not required in the report. Commissioner Ellis asked if the same materiality was utilized and John Jordan indicated that a risk assessment is conducted each year and the materiality may change related to the risk assessment.

Phillip Hurd then inquired about the note on the financials which stated that 2017 tax values are temporary due to digest certification denial by the State Department of Revenue pending a court decision. Commissioner Ellis shared that this is related to the tax assessment issue that occurred and that this note will be listed until the issue (litigation) is resolved.

OLD BUSINESS:

Whistleblower Hotline/Fraud Hotline Update

Tracee Shields, Auditor III, explained that there were one-hundred and eleven (111) whistleblower hotline cases, which include fifteen (15) cases currently in process and twelve (12) new cases since the last audit committee meeting. Commissioner Morris inquired if there

were any cases that should be brought to the attention of the committee; Tracee Shields, Auditor III, discussed that a bulk of the cases are associated with personnel. Anthony Nicks, County Auditor, discussed that there are cases in litigation. Tracee Shields, Auditor III, communicated that there are two (2) cases in litigation. One (1) case relates to a former jail employee who is suing because they expressed issues with the treatment from their superiors. The second case, number sixty-nine (69) is related to the misuse of purchase card. Phillip Hurd inquired about the details related to the purchase card litigation. Tracee Shields, Auditor III, discussed that the former employee purchased items from Home Depot for personal use. Phillip Hurd commented about case one-hundred and eight (108) and it was communicated that this case was out of jurisdiction and the person was directed to share the complaint with the proper authorities. There was a discussion that this case should be noted as closed on the whistleblower case log listing. Phillip Hurd inquired about case one-hundred and three (103), labeled as the falsification of contracts. Tracee Shields, Auditor III, indicated that this case relates to the Information Technology Covendis Technologies contract. There was a complaint that there was misappropriation on the contract; however, the audit team was simultaneously in the process of conducting an audit of the Covendis Technologies contract.

Anthony Nicks, County Auditor, then discussed that at the next meeting only the new and outstanding whistleblower cases will be presented for a more effective presentation.

Tracee Shields, Auditor III, specified that as of September 13, 2018, the audit team has conducted twenty-six (26) whistleblower presentations for the new employee orientation sessions. The total cumulative number of employees that were present in those respective sessions was seven hundred and seventy-two (772) individuals.

NEW BUSINESS:

Internal Audit Updates

Queena Jenkins, Audit Manager, led the discussion surrounding the Internal Audit updates.

Clerk of Superior Court Cash Management

The audit was completed and released on August 9, 2018. This audit focused on the cash management operations at the court.

Travel and Training

The audit is complete and the management responses from the department are expected by September 26, 2018. The objective of this audit was to determine whether County travelers are in compliance with the Travel and Training policy.

Treasury Gift Card Audit

The audit was completed and released on August 24, 2018. The objective of this audit was to determine compliance with Gift Card procedures.

Grady Memorandum of Understanding (MOU)

The objective of this audit was to ensure the uncompensated health care cost was a direct result from services being provided to Fulton County residents. The audit team received the report on Wednesday and the report is being prepared for distribution to the Board of Commissioners.

Senior Follow-Up - Audit Senior Multipurpose Center Cash Management

This audit was requested by the Chairman, to gain an understanding of the status of the corrective actions from the prior audit in December 2017. The draft report is expected by September 30, 2018.

Travel Card and Purchasing Card Data Analysis

The analysis for January 2018 through April 2018 has been completed, and the subsequent analysis is in process.

Covendis Technologies Contract

This audit was requested by Commissioner Hall and the audit team is currently conducting the fieldwork. The audit encompasses fiscal years 2015-2018. The objectives of the audit are to evaluate the effectiveness of the internal controls and to determine compliance with procedures and regulations as it relates to contract management and contract administration.

Purchase Card Audit Follow-Up

The objective of this audit is to provide reasonable assurance on the adequacy of the internal controls of the Purchase Card. The entrance conference for this audit is scheduled for September 14, 2018.

Magistrate Court

The objective of this audit is to evaluate the cash management procedures and the entrance conference date is forthcoming.

Commissioner Morris inquired about the Home Program audit responses and he desired to obtain clarity about whether this issue was resolved. Anthony Nicks, County Auditor, commented that the audit team responded to the management responses received from the Home Program. It was also indicated that although the Home program did not agree with certain findings, similar findings were documented by HUD in their respective monitoring review. Anthony Nicks, County Auditor, discussed that he is in discussion with Anna Roach about the subsequent oversight of this program.

Commissioner Morris then inquired about repayment obligations and it was communicated that there have been no discussions with HUD. It was further discussed that the HOME program is required to spend funds within a certain time frame.

There was a discussion surrounding whether any amounts were repaid to HUD. It was indicated that approximately \$300,000 was repaid to HUD related to disallowed costs and EPA regulations. This issue related to a historic property and the proper approvals were not obtained prior to commencing the project. Therefore, the costs were disallowed and were repaid. It was discussed that HUD will offer a credit so that the program may obtain another opportunity to spend the credited funds for allowed costs with a new timeframe.

Probate Court

Tracee Shields, Auditor III, provided an update for the court system. In August, Tyler assisted with the reconciliations for May 2018 and June 2018. They are currently working on completing July 2018. Additional training was also conducted for staff. It was discussed that Superior Court, was not utilizing Odyssey; however, Tyler will conduct training sessions in September 2018 to assist employees with operating the system.

Title VI

Trina Alston, Title VI Coordinator, communicated that eleven (11) out of fourteen (14) reviews have been conducted this year and thirteen (13) trainings were administered which include technical assistance to sub-recipients. The language line has received sixty (60) calls this month. From the launch of the language hotline until recently, there have been a total of one hundred and five (105) calls for translation. Most calls were received from the Sheriff's (booking) department.

Risk Assessment

Robbie Bishop-Monroe, Audit Coordinator, provided an update related to the risk assessment. The first risk assessment was conducted and those results were analyzed. An electronic survey was created within TeamMate and in the future, the survey will be distributed through email transmission. Anthony Nicks, County Auditor, commented that the results from the initial assessment were entered into TeamMate and a heat map was developed to score risk levels.

Budget

Queena Jenkins, Audit Manager, communicated that the 2019 budget was submitted and includes a budget enhancement of \$91,600. Approximately \$82,000 is requested for a new Auditor II position, \$6,000 will be utilized for the required peer review, and \$2,000 will cover costs for a new computer for the Auditor II position.

Commissioner Morris inquired about the peer review and Anthony Nicks, County Auditor, responded that the peer review is required every three (3) years and a group of auditors must be contracted to review the internal audit operations. The audit is conducted during a one (1) week timeframe. It was discussed that this requirement stems from the Fulton County Audit Legislation. The peer reviewers (auditors) will be selected from either the National Association of Local Auditors or the Association of Local Government Auditors (ALGA).

Annual Report

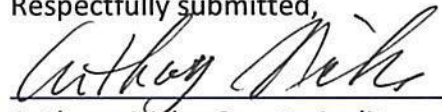
The annual audit committee report was discussed. This report documents the duties conducted by the Audit Committee during 2017. It was stated that the report would be signed by Commissioner Ellis and distributed to the Board of Commissioners after a date revision was made.

Anthony Nicks, County Auditor, announced that the Investigative Analyst, Ebony McNeil, has passed three (3) out of four (4) parts of the Certified Fraud Examiner exam.

ADJOURNMENT

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 2:52 p.m.

Respectfully submitted,



Anthony Nicks, County Auditor



Robbie Bishop-Monroe, Audit Coordinator