

**FULTON COUNTY AUDIT COMMITTEE**

**MEETING COMMITTEE MINUTES**

May 12, 2016

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

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**MINUTES**

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

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Ratified: September 12, 2016

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**CALL TO ORDER:** Chairman Bob Ellis 2:02 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; Ray Turner, Deputy Director of Finance; Felicia Strong-Whittaker, Purchasing Director; Angela Ash, Grant Administrator; Michael O'Connor, Assistant to Commissioner Liz Hausmann; John Coulborn, Assistant to Commissioner Bob Ellis; Latoya Hamilton, citizen

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

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

**Nays:** 0

**RATIFICATION OF MEETING MINUTES 2-29-16:** The meeting minutes from February 29, 2016 were reviewed, accepted and approved with no changes. The final minutes will be placed on the Office of the County Auditor's website.

**OLD BUSINESS:**

Draft Audit Charter Review

This item was initially held until all members were present. Once all committee members were present, the charter was reviewed and modifications were made. David Lowman, Staff Attorney, asked the Committee and Auditor to ensure that the responsibilities outlined in the charter track the powers as listed in the legislation. Anthony Nicks, County Auditor, ensured him that they did.

Discussion occurred as to who should appoint and oversee the independent auditor. Phillip Hurd, Committee Member, felt that should not be the responsibility of the Audit Committee but the Chief Auditor. Luther Burton, Committee Member, feels that it should be with the Chief Financial Officer (CFO) for internal control purposes and that the audit department tests such controls. He feels that an Audit Committee would typically be involved in that process. Ray Turner, Deputy Director of Finance, indicated that the outside auditors do not prepare the financial statements for the County; his office is responsible for that process and the external auditor performs the tests. Mr. Nicks explained that the CFO could not oversee an area they are being auditing on. Mr. Turner indicated that the County has a procurement process that is followed when selecting the outside auditor, which includes a selection committee that reviews all of the Requests for Proposals (RFPs) that are received and makes a recommendation to the Board of Commissioners (BOC). The BOC ultimately holds the responsibility of selecting the external auditor. As a result of this discussion, an additional modification was made to the draft charter.

**Mr. Turner will provide a copy of the RFP that was issued to solicit the external auditor, which is used by cities and counties. This will be forwarded to Mr. Nicks for him to forward to the Audit Committee Members.**

Mr. Burton raised additional concerns over who is really responsible for internal controls in the County. Commissioner Ellis feels management, the CFO and the County Auditor's Office share in the responsibility.

**Commissioner Ellis would like the CFO to attend each Audit Committee Meeting beginning in September. He would like for the CFO to provide updates on an annual basis and have the external auditor prepare and present an update to the Audit Committee.**

**Cheryl Blazej, Committee Member, requested that the draft of the Audit Charter be revised with the changes as discussed in red line format so that the changes could be clearly recognized.**

**Commissioner Ellis asked David Lowman, Staff Attorney, to do a comparative look at the legislation to make sure that requested modifications and content of the charter do not conflict with the legislation.**

Whistle blower Hotline/RFP Update

An update was given by Felicia Strong-Whittaker, Purchasing Director, on the status of the Whistleblower/Fraud Hotline RFP. Solicitation was sent out to various vendors with no responses. Purchasing contacted the vendors to complete a market survey to determine the reasoning behind no responses. Some vendors indicated it was an oversight, some indicated they could not offer a live person for intake, which was a part of our desired service, while others did not respond to the market survey. Commissioner Garner wanted to know how many potential vendors existed. Ms. Strong-Whittaker did not have the exact number but indicated there were quite a few. She informed the Committee that we have two options: we can go back out to bid again or we could do a cooperative purchasing agreement with the Georgia Board of Regents that already has a contract in place for this type of service. Commissioner Ellis wanted to know how many vendors indicated it was an oversight. Ms. Strong-Whittaker indicated approximately three. Mr. Burton wanted to know about the need for the Whistleblower hotline. Mr. Nicks explained that the County needed to have one to be in compliance with several federal grants that require grantees to maintain a hotline.

**Commissioner Ellis would like for the Purchasing Department to find out the cost from the Georgia Board of Regents and also re-solicit the bid. The Committee gave the Office of the County Auditor and the Purchasing Department the authority to determine the best approach to pursue in an effort to try to get the item before the Board of Commissioners for consideration prior to the September, 2016 Audit Committee meeting if it's feasible.**

Audit Request/Response Update

The Committee feels the legislation needs to be tweaked to address the submission of management responses. The Audit Committee would like to see management responses for completed audits submitted simultaneously with final audit reports.

**Commissioner Ellis would like for the Office of the County Auditor to revise the approved policy and provide a copy to Commissioners Ellis and Garner for them to review and present to the BOC for modification.**

2016 Revised Audit Plan

Mr. Nicks reviewed the 2016 Revised Audit Plan with the Committee and described the adjustments made to the plan.

Five Year Audit Plan-Discussion and Audit Software Update

Mr. Nicks began to review the challenges faced in preparing a five year audit plan for the County. He explained it was difficult to complete as the department lacked a true risk assessment tool and required technology to be able to effectively complete this task. Mr. Hurd wanted to know about the status of the audit software research, which lead to the discussion on audit software.

### Audit Software Update

Queen Jenkins, Audit Manager, presented the information to the Committee pertaining to cost and specifications of the audit software researched on behalf of the department. Ms. Jenkins coordinated demonstrations with respective vendors and compiled a spreadsheet for review and analysis. Ms. Jenkins reviewed her report and cost analysis and based on that information provided a brief recommendation on what we might need to address the immediate concerns of the department, which is to have an effective risk assessment tool. Following her presentation, Mr. Hurd indicated he had experience with many different auditing software tools and that the Board of Regents used two of the software packages reviewed during the presentation. He felt we may need two types of software; one for risk assessments and one for analytics. He indicated one of the vendors, which offer both options, may not provide everything we truly need on the analytic side. He proceeded to provide an overview of his experience with various auditing software and agreed that it will really depend on what we need to determine which package or packages to pursue. He went on to say that the Commissioners may need to weigh in as to what they would like to see as well.

**Commissioner Ellis would like for the Office of the County Auditor to explore whether or not we could piggy back off of the Board of Regents contracts. Additionally Commissioner Ellis would like to see the Office of the County Auditor attempt to purchase auditing software in 2016, perhaps out of non-agency funding.**

### Staffing Plan

The Committee would like to revisit the 2017 staffing plan at the September Audit Committee Meeting.

### Activity Report for 2015

Mr. Nicks provided the annual report for the Office of the County Auditor, which was prepared by Brigitte Bailey, Audit Coordinator. Mr. Nicks gave a brief overview of the items contained in the report. Mr. Hurd had questions regarding the Title VI review scheduled to be done on DeKalb County, which is a sub-recipient of Title VI funds. Trina Alston, Title VI Coordinator explained that due to the fact that Fulton County has the highest HIV infection rate for our region, the County is the recipient of Ryan White Federal Funds for the Atlanta metropolitan area and surrounding counties. As such, we are required to disburse funds to agencies and other counties that are sub-recipients of that funding. Commissioner Garner concurred and provided a little more detail for Mr. Hurd's benefit. Angela Ash, Grants Administrator, also confirmed Ms. Alston's explanation and went on to explain our monitoring role of those grant dollars.

**Mr. Hurd would like a "cheat sheet" that provides a description of what each audit is that is listed on our 2016 Audit Plan as he is unfamiliar with some of the departments and the type of audits we perform.**

Mr. Hurd had additional questions regarding how the department determined their Key Performance Indicators (KPIs) and wanted to know if this is the method used to establish value

of the department with the BOC. Mr. Nicks provided an explanation and explained that his office show value to the BOC by showing the number of issues on the table that are impacting operations and how we need to address them to mitigate waste, fraud or abuse. Mr. Nicks feels as if our value is demonstrated in what we do.

**Commissioner Ellis requested in our activity report for 2016 that we identify what was uncovered in some of the audits and how our findings and recommendations improved operations in an effort to show more value to the function of the office. He would like for us to identify how our audits benefited the county and reduced risk.**

Cheryl Blazej, Committee Member, feels a portion of grant funding should be used to help fund the audits we are required to perform. She feels those expenses should be included in the administrative cost of the grants. Ms. Ash explained that often times the 10% allocated to administrative costs is insufficient to cover the true cost of personnel to administer the grant. Ms. Blazej wanted to know who pays for that shortfall and the audit costs. Ms. Ash responded, Fulton County.

#### **NEW BUSINESS:**

##### Website Update-Audit Committee

An update was provided by Ms. Bailey on the enhancements to the department's website. Information pertaining to the Audit Committee, which include its purpose, members, terms and dates for regular meetings has been placed on the County's website under the County Auditors link. Ms. Bailey provided the committee with instructions on how to access the information.

##### Commissioners Monthly Report

Mr. Nicks spoke to Commissioner Ellis regarding a request received by another Commissioner to provide a monthly update on the departments operations. Mr. Nicks and Commissioner Ellis are working on a way to address this matter to ensure that the integrity of on-going audits is not jeopardized through this reporting mechanism.

##### External/Outside Audit Update

Mr. Turner provided an update on the external/outside audit. He informed the Committee that the audit is a little ahead of schedule so the Comprehensive Annual Financial Report (CAFR) may be able to be issued early this year. He went further to explain that all of the financial statements had been completed. Mr. Turner indicated that the CAFR reports for Fulton County are available on the website for public inspection along with all of the documents pertaining to the financial updates, audits, etc. He provided the committee with the link for viewing, which is [www.fultoncountyga.gov/transparency](http://www.fultoncountyga.gov/transparency). Mr. Burton indicated he had reviewed the County's CAFR and had questions related to the "notes" section contained in the financial statements; however, he opted to go into detail at a later time. He expressed that his overall concerns were the lack of notes for a government the size of Fulton and that he didn't see any discrepancies. However, he did indicate the he was very impressed with the reports and that they were very thorough. Mr. Turner provided a brief overview related to the "notes" section of the CAFR and

made himself available to Mr. Burton and the Audit Committee for any more specific questions pertaining to the CAFRA, the financial statements and the external auditors.

**The Audit Committee requested that the external auditors attend the Audit Committee meeting on September 12, 2016. Mr. Turner was asked to inform them of the request and extend an invitation for them to attend the next meeting.**

**OTHER BUSINESS**

There was no other business the Audit Committee wished to review.

**ADJOURNMENT**

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 3:51 p.m.

Respectfully submitted,

  
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Anthony Nicks, County Auditor

  
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Brigitte Bailey, Audit Coordinator