

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

September 14, 2017

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

MINUTES

This document is tentative, has not been ratified or approved by the Audit Committee, and is not binding on the County or any officer.

Scheduled date for ratification: November 28, 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 Ponzio, Chief Clerk for State and Magistrate Court; Sharon Whitmore, Chief Financial Officer; Glen Melendez, IT Assistant Director; Anthony Nicks, County Auditor; Queena Jenkins, Audit Manager; Robbie Bishop-Monroe, Audit Coordinator; Danielle Moore, Assistant Audit Manager; Tracee Shields, Auditor III; Tamika Stinson, Auditor III; Ebony McNeill, Investigative Analyst; Jenn Thomas, Assistant to Commissioner Morris

INTRODUCTION:

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

Yeas: 3

Nays: 0

RATIFICATION OF MEETING MINUTES: The meeting minutes from May 18, 2017 were reviewed, accepted and approved with no changes. A motion was made by Cheryl Blazej and

seconded by Commissioner Ellis 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

Commissioner Ellis requested an update for State Court and Lenora Ponzo indicated that State Court is still working with representatives from Tyler Technologies to resolve issues. She presented a live example of the new first data mobile credit card machine. There are a total of two (2) wireless and four (4) stationary machines. The stationary machines are located in the main treasury office, traffic court and north and south annexes and the machines are balanced daily. There are approximately 1,000 transactions projected per day with a \$15.00 per month per terminal charge. The machines can record transactions to individual (wireless) and multiple general ledger accounts and individual reports per machine can be printed. It was communicated that Judge Toomer is prepared and onboard with the new machines. There are plans to order more machines in the near future. Glen Melendez stated that these machines should address the audit findings and there are three new accounts set up as a result of the audit. Glen Melendez stated that the month-end close should be completed by the end of the month.

Anthony Nicks inquired about the audit status of Probate Court. Tracee Shields communicated that the draft report will be completed in approximately a week or two and there are ten (10) findings, three (3) of which are related to Odyssey, bank reconciliations and segregation of duties. It was indicated that Probate Court is still working to address some issues with Odyssey's configuration. Some of the audit issues noted was that Odyssey was not being used to its full capabilities. Glen Melendez reached out to Judge Toomer and a meeting is scheduled for October 10, 2017 to discuss the issues. It was noted that although Probate has one account, there are still several issues. Tracee Shields indicated that the processes are very manual. Anthony Nicks stated that he and his staff are committed to working with these issues and the same committee will stay in place to include the CFO, Sharon Whitmore, and other key individuals.

After the State Court Cash Handling Procedures update discussion, Anthony Nicks discussed that the three citizen members on the audit committee will need Fulton county email addresses for email communication from the County. These emails will be established and the information related to the new email addresses will be sent to the audit committee citizen members.

Whistleblower Hotline/Fraud Hotline Update

A draft of the Whistleblower Policy was provided to the Audit Committee. Anthony Nicks indicated that the policies were reviewed by Legal and the committee would need to provide feedback before presenting to the Board of Commissioners for approval. Phillip Hurd inquired about the section related to false reports specifically on page 10. He inquired about the term "legally actionable" on page 10 of the policy. Phillip Hurd recommended that the change reflect, "We will not tolerate malicious incidents, and malicious incidents will result in disciplinary actions in accordance with the County policy". Anthony Nicks agreed to make the modification. There was also discussion about the term "disciplinary actions" listed on the middle of page 8. There was a discussion to delete the whole section that stated "If there has been a violation of policy, disciplinary action will be taken and there will be consequences" and replace with, "It will be determined in consultation with Human Resources and the County Manager and in accordance with applicable policies. There was a comment that the word disciplinary actions should be replaced with the word violation. Anthony Nicks mentions that the progressive discipline noted in the policy may be due to the personnel policies of the County. Sharon Whitmore noted that on the top of page 7 there are references to the word "personnel" and it should be replaced with "human resources" and the "Personnel Director" should be replaced with the word "Chief Human Resource Officer".

The whistleblower case log was shared with the Audit Committee members. Anthony Nicks stated he is diligently working to resolve the cases. The caseload was discussed which included a discussion of the same incident being reported on multiple days, resulting in the appearance of additional cases. Sharon Whitmore discussed that one case revealed employees people were clocking-in for each other. There was a discussion about a global message that could be sent to employees and Managers related to timekeeping abuses. Anthony Nicks commented that if Managers know how to identify instances where others are clocking-in for each other, this may be a deterrent. There was a discussion about employees clocking-in within one minute behind each other at the same computer, however it was mentioned that the IP addresses are not static. Phillip Hurd commented that it means you don't need an IP address for each computer or it is called a domain host security protocol. It was stated that the Information Technology team can obtain the computer address in addition to the IP address to determine if it is actually the same computer that employees were clocking-in from. It was discussed that there are three incidents of workplace violence; however, there were no reported incidents of physical violence. Some of the workplace violence cases included overhearing someone saying something offensive in the workplace.

Anthony Nicks stated that the Office of the County Auditor is now conducting a whistleblower presentation in the new employee orientations. Anthony Nicks stated the new employees, Robbie Bishop-Monroe, Audit Coordinator, and Ebony McNeill, Investigative Analyst, developed the idea to present information about the whistleblower hotline to new employees. The first presentation will be conducted at the next employee orientation.

There was a discussion about case number 23 which states closed and case number 55 which states inquiry. Sharon Whitmore inquired about the definition of the inquiry classification. It was noted that "inquiry" is defined as a person asking a question about a matter.

Cases 25 and 57 were discussed which related to improper receiving of gifts. Tracee Shields mentioned that case 25, opened in May, is still ongoing and was recently referenced in the media. It was noted that the allegation was related to a vendor providing gifts to people who worked for the jail in order to obtain the contract. The whistleblower in this case made a few allegations and the audit team contacted the Sheriff's Office. In addition, the whistleblower reported a separate personnel incident directly to personnel. The Office of the County Auditor invited the whistleblower into the office to discuss the matter; however, when she arrived at the office with an Attorney, the meeting was rescheduled to ensure the Fulton County attorney would be present. Once the rescheduled meeting was conducted with the whistleblower, her Attorney and the Fulton County attorney, the audit team requested additional information, but this information was not subsequently received. The whistleblower stated she was reassigned from the position since reporting the issues, which prompted her to file a separate personnel case. The Office of the County Auditor conducted the due diligence related to the fraud reported; however, the Personnel Department may have experienced delays in resolving the issue. In the interim, the personnel matter reported was taken to the media by the whistleblower.

Sharon Whitmore inquired how the whistleblower's identity was revealed. Anthony Nicks indicated that during the investigative follow-up, the whistleblower sent an email to the County Manager stating that she reported the incident and does not know the status of the case. After this communication, the Audit office reached out to her directly and communicated the status of the case. The whistleblower self-identified herself. It was discussed that the whistleblower reported a case to personnel about an issue in the kitchen and she was told to stay out of the kitchen and stay in her office. It was noted that the attorney was in the room when this was stated by the whistleblower. It was communicated that this case was still open because of the pending information requested. It was discussed that in case 57, the Environmental Health Director was contacted and he provided paperwork for the office to investigate. This case related to a person receiving money to establish restaurants.

Luther Burton discussed that there are serious violations reported on the whistleblower hotline and he inquired whether the Office of the County Auditor is able to handle the volume. Anthony Nicks indicated that there is a full-time Investigative Analyst and two Certified Fraud Examiners, so there are additional individuals who can evaluate cases. Anthony Nicks commented that Ebony McNeill is a Certified Fraud Examiner candidate along with Danielle Moore and they will be taking the exam at year-end. It was mentioned that the skillset of the staff involved is appropriate, and efforts are being made to continually increase the skillset of everyone involved. Luther Burton expressed content with the steps taken. Nicks communicated that there is concern about the volume of cases and it has required audit staff to assist with the cases. Phillip Hurd asked if cases are ever turned over for criminal investigation and Anthony

Nicks discussed that he was pleased to turn over cases; however, there are concerns about the efficient resolution if a case is turned over.

It was discussed that at the next meeting procedures will be reviewed for the whistleblower hotline and the whistleblower topic discussion ended with a comment made that training on the whistleblower software will be conducted with Cheryl Blazej.

NEW BUSINESS

Audit Committee Self-Assessment

Commissioner Ellis mentioned that there is an agreement on the Audit Committee self - assessment questions and the next steps include completing the self-assessment and submitting it for review.

Budget Update

Queena Jenkins, Audit Manager, discussed that the budget for 2018 was completed and enhancements totaling \$110,000 were being requested. The enhancements mainly include the Auditor position for \$83K and other categories include professional service licenses for the audit program software and data analytics tool, as well as the peer review for 2018. There was also a discussion related to enhancement requests for staff training and travel and the costs to cover the CFE exam preparation material.

There was a discussion surrounding fixed and variable rates totaling \$28,000 as it relates to the salary presented in the enhancement. Sharon Whitmore discussed that there may be variable costs associated with salaries, such as, the type of health insurance coverage that an employee elects, or the type of retirement plan which may impact the County's cost. A fixed cost example is FICA, but health insurance may change based on what each employee selects. Phillip Hurd indicated that a different designator should be considered for the asterisk next to the word contingency. Phillip Hurd also inquired whether the peer review was according to ALGA standards and Anthony Nicks responded the peer review is according to ALGA standards and as part of selecting ALGA, he will have an opportunity to perform a peer review of another organization.

Audit Updates

Danielle Moore discussed the Senior Center Audit and it was mentioned that there were 15 findings and the audit reviewed Adult Day Care, Multipurpose Centers and the Friends organization operations. The exit conference is projected for month-end. Some of the findings discussed were the lack of personnel, inadequate procedures for the cafeteria and adult day care, insufficient cash register equipment, outstanding balances for the adult day program and inconsistent practices. Ms. Moore noted that in 2016, the adult day care program yielded approximately \$175,000 in outstanding balances owed by recipients. Anthony Nicks commented that since the board established the fees that they may need to address the issue

and there should be a mechanism to address outstanding balances; however, service cannot be denied.

Sharon Whitmore discussed that there were previous conversations held with Dr. Toomey, District Health Director, and Dr. Rochelle, Department of Senior Services Director, surrounding the possibility of billing Medicare for any amounts not reimbursed by participants at the Senior Centers. It was mentioned that all participants receiving Adult Day Care services should be eligible regardless of payment as required by the Older American Act (OAA). Luther Burton discussed that it was not a good practice to maintain balances owed to the County.

Danielle Moore noted that there are balances owed by participants for Adult Day Care and if someone is unable to pay, the facility manager will revise the rate. There is no formal process to verify income and currently the word of a payor is accepted regarding the ability to pay.

There was a discussion surrounding the Purchase and Travel Card analytics by Tracee Shields. She indicated that the transactions are analyzed using the IDEA software and scripts are run to identify split transactions, over the limit transactions, and transactions on the holidays and weekends. She stated that there are some questionable items and documentation may be requested. Ms. Shields communicated that card activity was noted for employees who no longer work at the County.

Sharon Whitmore discussed that Accounts Payable also monitors the purchase card transactions and there are typically split transaction purchases. She indicated that there will be better coordination with the Department of Human Resources to identify travel card or purchase card holders so that when their employment is terminated, the card will be deactivated. She indicated that there are broad level controls in place. It was noted that if on boarding and off boarding are automated, immediate automatic notification could be sent to departments when an employee commences employment at the County or leaves the County.

There was a brief discussion surrounding the use of a collection agency to collect fees owed to the County such as fees owed for library books. There were also conversations relating to other amounts owed to the County and if there were any areas that Finance may not have access to view directly in AMS due to a different system utilized in an external department in addition to AMS. Sharon Whitmore discussed that there are plans to obtain an Accounts Receivable module which may assist with more visibility into revenues. It was commented that there is no visibility into external systems such as Odyssey, library system fines, environmental billing, court fines and fees that are unpaid, arts and culture charges and amounts collected against those charges. It was also mentioned that Finance may not be able to view Serve Tracker which is used by the Senior Centers to capture fee revenue for services. Sharon Whitmore mentioned that at least inquiry access should be given in Odyssey.

Personnel Update

Anthony Nicks announced that there are two new employees on staff, Robbie Bishop-Monroe and Ebony McNeill. He also congratulated Queena Jenkins for passing the Certified Public Accountant (CPA) exam. He commented that the staff continues to flourish and now the Office of the County Auditor possesses two CPAs. He plans for the office to become the most qualified office in the County.

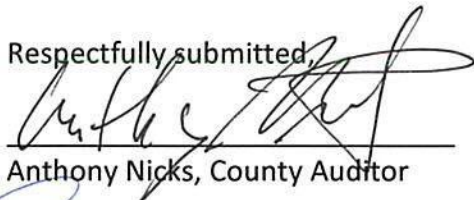
Pay for Performance

Queenia Jenkins led a discussion on the pay for performance aligning with the customer service metric. It was commented that survey questions have been created, however there are concerns about providing this survey to auditees after they have received an audit with findings. Commissioner Ellis inquired with Phillip Hurd as to whether Georgia Tech had any bonus programs and he stated that since it was a State agency, there was no pay for performance program however the findings can be reviewed to justify the amount that was mitigated due to the Internal Audit efforts. Anthony Nicks discussed that some auditees may be unhappy and the surveys, based on the auditee feedback, could negatively impact individual salaries as much as 2% to 4%. It was discussed that the Commissioners and or County Manager may be a better audience to complete the survey for Internal Audit to evaluate their performance metric.

ADJOURNMENT

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 3:33 p.m.

Respectfully submitted,



Anthony Nicks, County Auditor



Robbie Bishop-Monroe, Audit Coordinator