

FULTON COUNTY AUDIT COMMITTEE

MEETING COMMITTEE MINUTES

February 28, 2019

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

MINUTES

Ratification Date: May 14, 2019

CALL TO ORDER: Chairm an Bob Ellis 2:00 p.m.

MEMBERS PRESENT: Commissio ner Bob Ellis, District 2
Commissioner Lee Morris, District 3
Phillip Hurd, Audit Committee Citizen Member
Pamela Mccorkle Buncum, Audit Committee Citizen Member
Robert Koncerak, Audit Committee Citizen Member

ALSO PRESENT: Anthony Nicks, County Auditor; Queena Jenkins, Audit Manager; Robbie Bishop-Monroe, Audit Coordinator; Stacy Jones, Assistant Audit Manager; Tracee Shields, Audit or 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; David Lowman, Assistant County Attorney.

INTRODUCTION:

Commissioner Bob Ellis introduced the new audit committee members, Pamela Mccorkle Buncum and Robert Koncerak. Mrs. Buncum was a former Financial Internal Auditor with a bank and has corporate audit experience. Mr. Koncerak has experience working as a Chief Financial Officer, as well as, experience in various areas such as banking , risk management, internal controls, and internal audit.

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

Yeas: 3

Nays: 0

RATIFICATION OF MEETING MINUTES: The meeting minutes from December 10, 2018 were reviewed, accepted and approved. **A motion was made by Phillip Hurd, Audit Committee Citizen Member to approve and seconded by Commissioner Lee 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.

Whistleblower Hotline/Fraud Hotline Update

Anthony Nicks, County Auditor, provided an overview of the whistleblower hotline history. He explained that the whistleblower hotline was enacted in 2017 for the purpose of eliminating fraud, waste and abuse. The hotline is available 24 hours a day 7 days a week 365 days a year and calls are answered by a third party. Mrs. Pamela Buncum, Audit Committee Citizen Member, inquired about whether there was a comfort level with the awareness of the hot line. Mr. Nicks, explained that there is an extensive campaign; which, includes posting whistleblower flyers on employee central, and conducting presentations within the new employee orientation sessions. Ebony McNeil, Investigative Analyst, communicated that the audit team has conducted thirty-eight (38) presentations during the new employee orientation sessions for a total of one-thousand one-hundred and fifty (1,150) attendees since the presentations have commenced.

Ebony McNeil shared that there are one-hundred and twenty (120) whistleblower hotline cases, with nine (9) cases currently in process. She also indicated that two (2) cases were received this year.

Phillip Hurd inquired about the title, "currently in litigation" listed on the whistleblower case summary sheet. Mr. Nicks indicated that there was a case where an employee complained about their working conditions which amounted to a hostile work environment. These concerns were submitted to personnel but before the case could be resolved, the complainant filed a lawsuit. The person who filed the lawsuit is currently not working for Fulton County.

Phillip Hurd proposed a general question related to the amount of time spent on litigation support. Mr. Nicks indicated that approximately ten (10) percent of time was spent on previous lawsuits as referenced from prior litigation related to the Wolf Creek lawsuit. Mr. Nicks mentioned that, in addition, to this case there is a potential litigation forthcoming which, relates to Mr. Fitzgibbons, a former tax assessor. Phillip Hurd asked about the title of offensive or inappropriate communication for the Tax Commissioner's Office. Tracee Shields explained that the issue related to a customer service issue. Mr. Nicks further explained that this case is related to a disagreement between a customer and an employee where the employee gave incorrect

change from a financial transaction. The employee approached the customer in the parking lot to obtain the incorrect change from the transaction and a disagreement ensued.

Robert Koncerak, Audit Committee Citizen Member, inquired if all whistleblower calls become cases. He also asked how it is decided if a case is legitimate. Tracee Shields, explained that an assessment is conducted for all cases to determine if cases should be resolved by Internal Audit or another department. Mr. Nicks shared that the final decision is based upon the County Auditor as to whether a case is established.

Commissioner Ellis inquired about the results from previous cases where there was purchase card abuse. Mr. Nicks communicated that one (1) person was prosecuted and another person was dismissed.

Phillip Hurd stated that the process to determine the establishment of a case should be formally documented and include key persons in the Human Resource and Legal Departments.

NEW BUSINESS:

Internal Audit Updates

Stacy Jones, Assistant Audit Manager, led the discussion surrounding the Internal Audit updates.

Stacy Jones indicated that three (3) audits were completed and released since the last Audit Committee meeting. These audits were the 1) Senior Multipurpose Cash Management Follow-Up audit; 2) Purchase Card Follow Up audit; and 3) Clerk of Magistrate Court audit.

Additional Audit Updates are as follows:

Treasury Gift Card

A draft report for the Treasury Gift Card Audit was issued to the Finance department, currently awaiting management written responses. The final audit report with management responses is expected to be released by March, 2019.

Superior Court Administration

The draft report for the Superior Court Administration Cash Handling procedures has been reviewed and approved, an exit conference has been scheduled. The final audit report with management responses is expected to be released by March, 2019.

Senior Transportation Performance Review

We are in the final fieldwork stage of the audit. We expect to have a draft audit report completed by March, 2019.

Georgia Security Immigration Compliance Act (GS/CA)

The fieldwork has commenced for the Georgia Security Immigration Compliance Act review. We expect to have fieldwork finalized and a draft audit report completed by March, 2019.

Grady Memorial Hospital memorandum of Understanding Compliance Report

We are working in conjunction with Banks, Finley and White (BFW) to conduct the MOU Compliance Review for fiscal year 2018. BFW is currently reviewing their selected samples. Queena Jenkins, Audit Manager, communicated that once BFW completes their review the Office of the County Auditor will review the selected documentations and issue a report. There was a discussion surrounding the type of engagement that is represented by the Grady MOU. Anthony Nicks explained that the audit of the MOU covers uncompensated costs to ensure Fulton County dollars are spent on actual Fulton County indigent residents.

Tax Appraisal Audit

It was communicated that a sample of commercial properties were selected and the Office of the County Auditor is currently reviewing the supporting documentation of the selected properties from the Office of the Tax Assessors. The audit is projected to conclude by the end of March, 2019. There was a discussion surrounding the background and purpose of the request for the commercial properties tax audit. Commissioner Morris explained that a County citizen conducted a commercial property analysis and discovered that commercial properties were appraised at approximately forty (40) percent of what they were sold for. Based on this analysis, it was suggested that there was an under taxation of the commercial properties. He also communicated that the City of Atlanta inquired about an audit of the City of Atlanta commercial sales, which prompted him to ask for a separate audit of the Fulton County commercial properties. Mr. Nicks stated that his office is working with the Fulton County Tax Assessors to evaluate the justification for the property tax values. The results of this evaluation will be communicated in a final report.

There was a discussion surrounding whether it is appropriate to place reliance on another auditor as it relates to the commercial property tax review. Mr. Nicks communicated that there is an opportunity to create synergy and share data. Overall, the discussion covered that missed hearings by tax assessors resulted in lower property appraisal values; which, should be examined to ensure there are not disparaging levels of favor.

Commissioner Ellis inquired about whether the adult day care rates were addressed from the previous Senior Facility audit. Stacy Jones stated yes, and that a response was received from the respective department to address the finding .

Tracee Shields provided information related to the Purchase and Travel card analysis. She discussed that there is a continuous review of all transactions and she provided details related to the total spend, top spending categories, and merchant codes. She further communicated that certain transactions are evaluated for anomalous activities such as weekend, and split transactions. There was a discussion that ensued surrounding level 3 data evaluation, office supplies, product code evaluation, and whether supporting documentation is obtained for the purchase and travel card transactions.

It was communicated that the review conducted by the audit team is an additional review. The Purchasing and Accounts Payable departments review travel and purchase card transactions on a monthly basis as part of the required reconciliations. It was discussed that cardholders are required to submit reconciliations along with supporting documentation for any purchases made. Commissioner Ellis inquired about the reason for the shutting down of the cards during the calendar year end. Sharon Whitmore, CFO, explained that although the cards are shut down in November to close out for year end, cards can remain open in case of emergencies.

There was a discussion surrounding electronic payment processes in order to flag inappropriate products, identifying fraudulent transactions, and about using one vendor for better pricing. Sharon Whitmore explained that a previous sole source contract did not work well with the County years ago and that the contracts in place now satisfy the required Minority Female Business Enterprise participation.

Adoption of 2019 Audit Plan

The 2019 Audit plan was adopted by Commissioner Ellis and seconded by Phillip Hurd. It was discussed that although the plan was adopted, it was agreed that it is subject to modification.

Commissioner Ellis stated that a list should be prepared to indicate which audits are conducted every year, and which ones have a three year cycle. Also, Pamela Buncum stated that a list of the audits conducted over the last three years would be helpful.

Pamela Buncum inquired about whether inventory audits have been conducted by the County Auditor's office. It was communicated by Mr. Nicks that inventory items are reviewed as part of other routine audits (i.e. Information Technology audit). Sharon Whitmore shared that a favorable opportunity to address the inventory can be completed during the Network Refresh and Personal Computer (PC) Refresh Project. These projects are both in the initial phase

Phillip Hurd indicated that consideration should be given to conducting a risk inventory.

There was an inquiry regarding the implementation of the Odyssey Financial Manager for the Courts. Mr. Nicks stated that State Court, Probate Court, Clerk of Superior Court and Magistrate Court are utilizing Odyssey Financial Manager.

2018 Annual Audit Committee Report

The 2018 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.

2018 County Auditor Annual Report

The annual report was discussed and provided to all parties present. The annual report displays key highlights and accomplishments from the 2018 calendar year.

Title VI

Trina Alston, Title VI Coordinator, communicated that there were no current updates related to Title VI.

Risk Assessment

Robbie Bishop-Monroe, Audit Coordinator, provided an update related to the risk assessment. The risk assessment results were received from the DREAM and Senior Services departments and are being analyzed. The Finance department was identified as the next department for the risk assessment. Commissioner Lee Morris inquired about the next department and Anthony Nicks replied that the Information Technology department should be next and there is consideration of a mass rollout to all departments thereafter.

Audit Committee Self- Assessment

The audit committee self-assessment results will be discussed at the next meeting pending completion and analysis of the questionnaire.

Other Business

Mr. Nicks welcomed the new Audit Committee members, he discussed that the County Auditor's department won the best place to work in Fulton County for two years in a row. Furthermore, he congratulated Ebony McNeill, Investigative Analyst, on passing the Certified Fraud Examiner (CFE) exam. Finally, there was a discussion regarding the interviews for the Auditor II position. It was mentioned that team members from multiple levels within the County Auditor's office will interview the potential candidate.

ADJOURNMENT

There being no further business, a motion was made by Commissioner Ellis to adjourn and the meeting adjourned at 3:49 p.m.

Respectfully submitted,

DocuSigned by:



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Anthony Nicks, County Auditor

Robbie Bishop-Monroe, Audit Coordinator