



Audit Committee
Meeting Agenda
Wednesday, May 13, 2020
5:00 – 6:00 pm
Teleconference

- A. Review and approval of meeting minutes – April 16, 2020

- B. Status of Audit Work Plan Activity
 - Sheriff’s Office — Inmate Medical Services
 - Public Utilities Department – Water Business Office
 - Central Services Department — Fleet Management Program
 - Animal Services Department — Animal Shelter

- C. Risk Assessment Timeline

- D. Process for Reviewing and Submitting Audit Reports

- E. Water Business Office – Agenda item submitted for June 2, 2020 voting meeting

- F. Next Meeting Date – TBD

Attachments:

- 1. May 13, 2020 - Meeting Agenda
- 2. April 16, 2020 Minutes for review and approval
- 3. Audit Activity Status Update
- 4. Audit Process flowchart for *Departments reporting to the Manager’s Office*
- 5. Audit Process flowchart for *Elected and Constitutional Offices*
- 6. WBO Audit – Agenda Report – prepared for June 2, 2020 voting mtg.
- 7. Audit Topics Under Consideration for 2020

AUDIT COMMITTEE MEETING MINUTES

Thursday, April 16, 2020 – Via WebEx

Committee Members Present:

Commissioner Melissa Link, Committee Chair
Commissioner Allison Wright
Commissioner Russell Edwards
Commissioner Ovita Thornton
Commissioner Patrick Davenport

Visiting:

Blaine Williams, Manager
Deborah Lonon, Assistant County Manager
Josh Edwards, Assistant County Manager
Frank Stephens, Director, Public Utilities
Glenn Coleman, Asst. Director, Public Utilities
Michelle Stroud, Public Utilities
Valerie Haynes, Public Utilities
Keith Sanders, Director, SPLOST

Staff:

Stephanie Maddox, Internal Auditor
Jill Arquette, Management Analyst

Committee Chair Link called the meeting to order at 5:10 pm.

A. February Minutes:

Commissioner Thornton motioned for approval of the February Minutes. Commissioner Wright seconded. All in favor.

B. Work Plan Update:

Internal Auditor Maddox provided a status update on the audit work plan:

- Public Utilities Department – Water Business Office
- Central Services Department – Fleet Management Division
- Sheriff's Office
- Animal Services

C. Meeting Overview

Chair Link wanted initiated a discussion regarding the inmate medical report and recent changes in jails due to COVID-19. Commissioner Link asked for an amendment or appendix to the report on how COVID-19 has affected the jail. Commissioner Edwards requested Manager Williams contact Sheriff Edwards to provide an update instead of OOA conducting an audit on the issue. Manager Williams will contact the Sheriff regarding COVID-19 and its affect on inmates and staff at the jail.

Internal Auditor Maddox discussed the audit process agenda item. The previous audit process had a section stating “The draft report is given to the department under study to verify data and findings”. Internal Auditor Maddox advised that this is not part of the audit process and should have been removed. The new audit process in the agenda has been updated by removing the aforementioned section.

Commissioner Wright stated that in the January 2018 process, there were two flow charts, one for departments under the Manager's Office and the second for elected and constitutional officer's not under the Manager's Office. Internal Maddox advised she would update the flow

chart for the elected and constitutional officers and send copies of both flow charts to Committee members.

Commissioner Davenport motioned to update the audit process flow charts for the departments under the Manager's Office and for the elected and constitutional officer's and send to the full Mayor and Commission for approval. Commissioner Wright seconded. All in favor.

Committee members discussed the Audit of the Water Business Office (WBO). The discussion primarily focused on 1) the Public Utilities Department hiring an independent contractor who has spent extensive time (six years to date) on developing policies and procedures for the WBO, and 2) the process for submitting unclaimed customer property/refunds. Frank Stephens, Public Utilities Director, stated that the department agrees with five out of the eight findings in the report and partially agrees with the remaining three out of the eight. There are no disagreements with the audit report.

Commissioner Edwards motioned to recommend the WBO report to the Mayor and full Commission for approval. Commissioner Thornton seconded. All in favor.

Committee members discussed the possible deployment of the Risk Assessment Tool for the development of the 2021 Work Plan. Commissioner Edwards motioned to table the discussion and deployment of the Risk Assessment Tool. Commissioner Davenport seconded. Commissioner Wright and Commissioner Thorton in favor. Commissioner Link opposed.

The next Audit Committee meeting is scheduled for May 13, 2020, from 5 p.m. – 6 p.m. via WebEx.

Commissioner Wright motioned to adjourn the meeting. Commissioner Edwards seconded. The meeting adjourned at 6:42 p.m.

AUDIT STATUS REPORT

DATE: May 13, 2020
 TO: Audit Committee
 FROM: Stephanie Maddox, Internal Auditor
 Office of Operational Analysis
 SUBJECT: Status of Work Plan Activity

The following table summarizes the current status of each audit according to audit stages. A description of the audit stages is below the table.

WORK IN PROGRESS

Audit	Status The percentage indicates the completion level	Completion Forecast	
Clarke County Sheriff's Office – Inmate Medical Services Contract	Pre-Audit Planning – 100% Discovery Stage – 100% Analysis – 100% Conclusions – 100% Recommendations – 100%	<ul style="list-style-type: none"> • A draft report will be submitted to the Sheriff's Office w/o May 11. • Response expected after 30 days of review. 	May 2020
Public Utilities Department – Water Business Office	Pre-Audit Planning – 100 % Discovery Stage – 100% Analysis – 100% Conclusions – 100% Recommendations – 100%	<ul style="list-style-type: none"> • Report Finalized. 	February 2019
Central Services Department – Fleet Management Program	Pre-Audit Planning – 100% Discovery Stage – 95% Analysis – 90% Conclusions – 90% Recommendations – 90%	<ul style="list-style-type: none"> • Finalizing draft report 	May 2020
Animal Services Department – Animal Control	Pre-Audit Planning – 95% Discovery Stage – 65% Analysis – 45% Conclusions – 25% Recommendations – 25%	<ul style="list-style-type: none"> • Continue analysis of data received through document requests • Interviews 95% complete • Observations to be conducted 	July 2020 (date may change based on current conditions due to COVID-19)

AUDIT STAGES

Pre-Audit Planning: OOA staff conducts literature reviews, identifies benchmark communities, research best practices, develops pre-audit survey(s), and requests documents related to the audit client. OOA staff conducts a pre-conference meeting with the audit client/department (Dept. Director), discusses the audit process, the timing of fieldwork, and answers any questions.

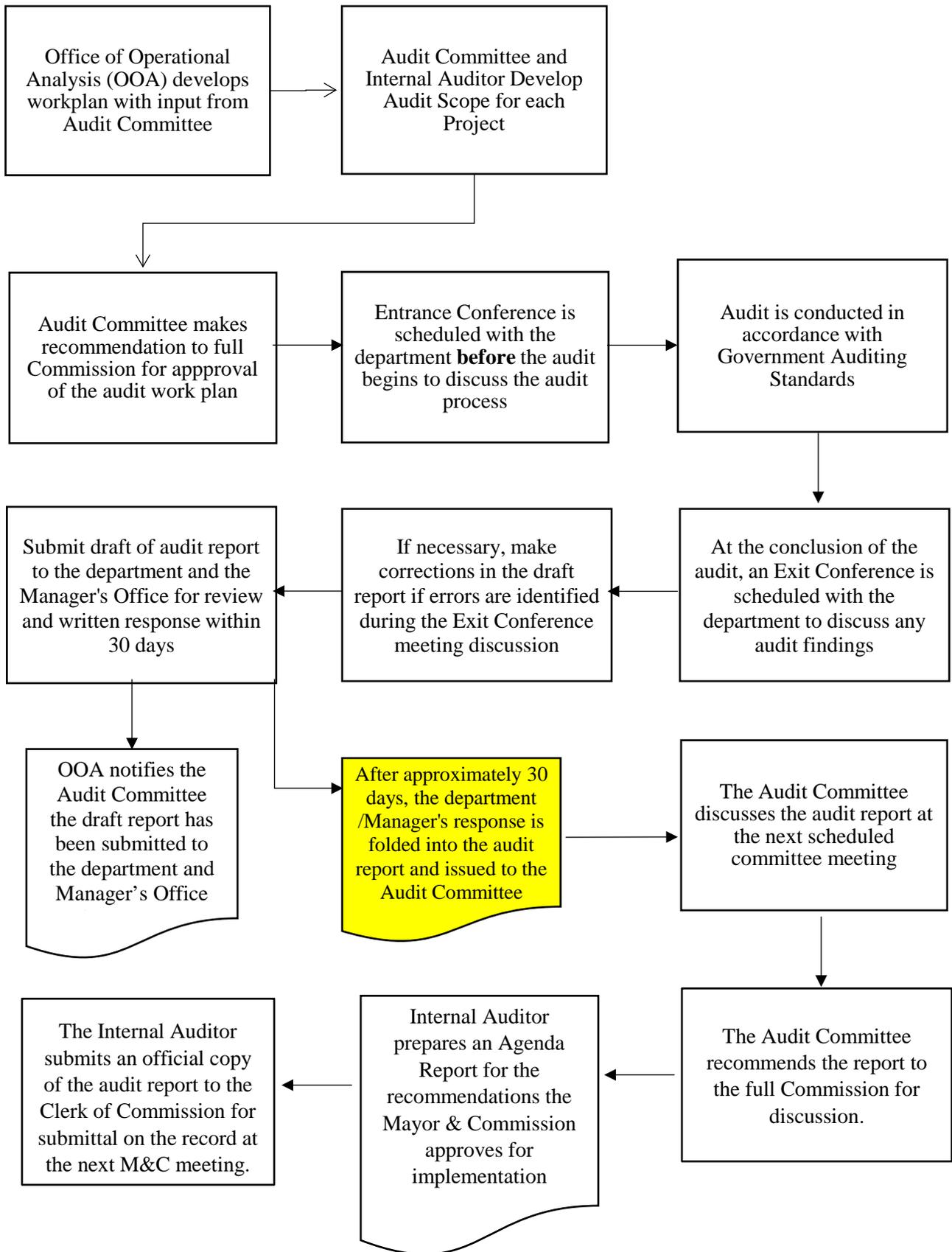
Discovery: Interviews, information validation, observations, and surveys. As this stage is critical to the preparation of a complete and meaningful audit, it consumes the majority of the time involved.

Analysis: Assigning meaning/value to the information, determining what it reveals related to the scope of the audit. Defines systems, processes, and practices in terms of effectiveness and efficiency.

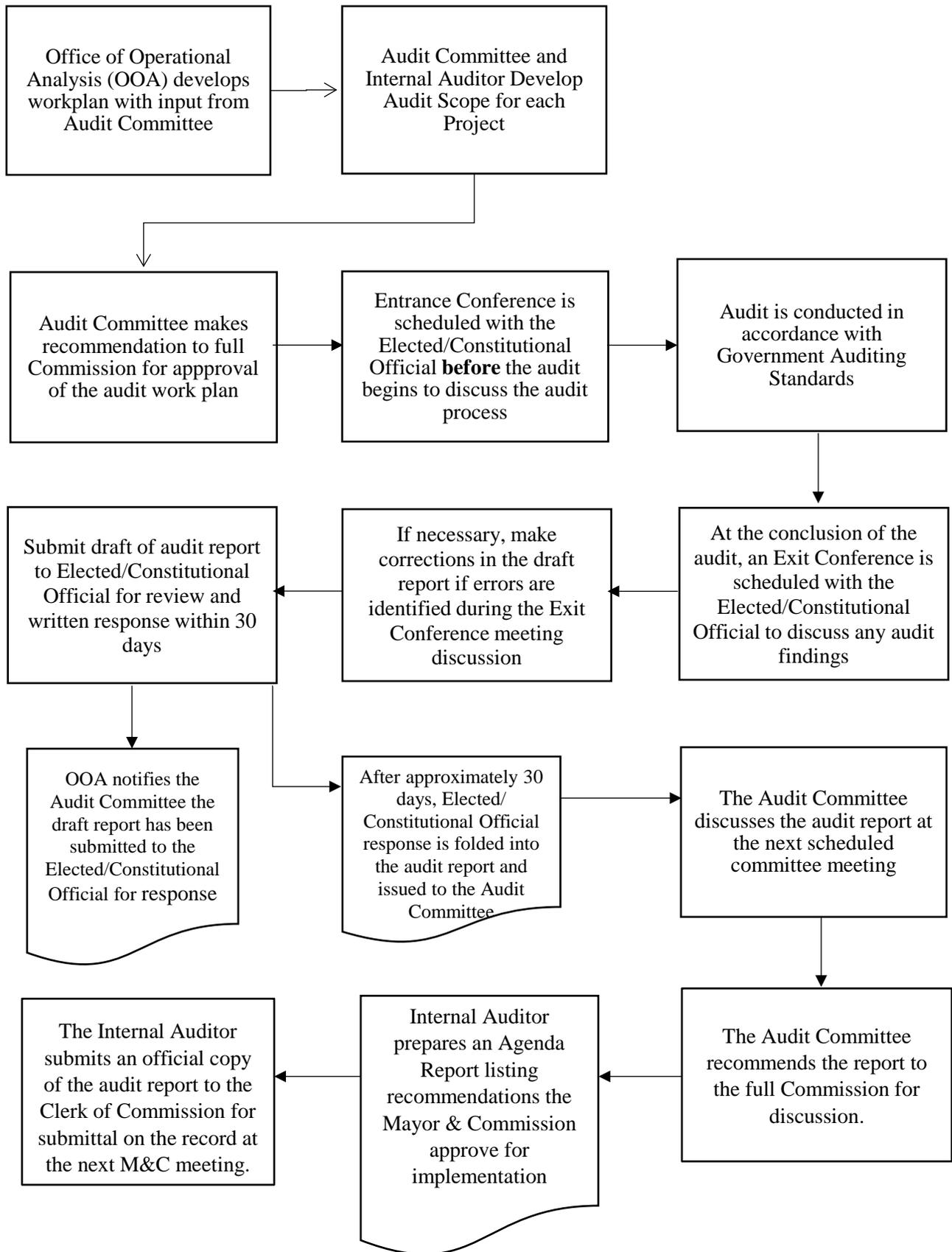
Conclusions: Identifies and describes constraints and opportunities regarding developments and implementation of needed improvements.

Recommendations: Suggests action that can be taken into consideration of the constraints and opportunities.

Audit Process
Departments Reporting to the Manager's Office – 2020



Audit Process For Elected and Constitutional Offices – 2020



**THE UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY
COMMISSION AGENDA ITEM**

SUBJECT: Audit of the Athens-Clarke County Water Business Office

DATE: April 21, 2020-

BUDGET INFORMATION:

REVENUES: N/A

EXPENSES: N/A
ANNUAL:
CAPITAL:
OTHER:

FUNDING SOURCE: N/A

COMMISSION ACTION REQUESTED ON: June 2, 2020

PURPOSE:

To request Mayor and Commission approval of the Audit of the Athens-Clarke County Water Business Office (WBO) conducted by the Office of Operational Analysis.

HISTORY:

1. On September 13, 2017, the Audit Committee met and discussed a list of potential audits.
2. On October 26, 2017, the Audit Committee met and discussed the Annual Work Plan. The Audit Committee made a recommendation to the full Commission to approve an audit of the WBO.

The scope focused on the following areas:

Department: **Public Utilities** Audit Area: **Water Business Office**

- Evaluate the Water Business Office internal controls, to include the reliability of financial and operational reporting.
- Review progress on the implementation of the Advanced Metering Infrastructure System (AMI).
- Identify opportunities for improved customer service delivery and efficiency. Review levels of service, administrative and operational procedures, staffing levels, and organizational structure.
- Evaluate the potential for process improvements. Compare the current function of the Water Business Office with similar water utilities in the region with consideration of industry best practices.

3. In January 2018, the Mayor and Commission approved the Annual Work Plan recommended by the Audit Committee.
4. On January 23, 2019, the audit team met with the Director of Public Utilities to discuss the audit process
5. The audit team conducted the following activities between February 2019 and October 2019.
 - Developed two surveys – one for WBO employees and one for community residents
 - Conducted interviews of WBO employees, Meter Management Employees
 - Interviewed other ACC Departments to determine their affiliation with the WBO
 - Reviewed documents and analyzed data provided by ACC Departments related to the WBO
 - Visited a neighboring water utility company to conduct an observation.
 - Performed benchmarking analysis of other water utility companies located within 45 miles of Athens, GA to determine the level of technology services offered to customers.
6. On December 5, 2019, the audit team scheduled an Exit Conference with PUD Director and Assistant Director to discuss audit findings and recommendations. Several updates were communicated to the audit team during the meeting. The audit team advised PUD the updates would be included in the draft report.
7. On February 10, 2020, the Office of Operational Analysis submitted a draft audit report to the Public Utilities Department and Manager’s Office for review and comments.
8. On March 11, 2020, PUD submitted their response to the findings and recommendations to the Office of Operational Analysis.
9. On April 2, 2020, the Audit of the Athens-Clarke County WBO was submitted to the Audit Committee for review prior to the next scheduled meeting (April 16, 2020)
10. On April 16, 2020 the Audit Committee discussed the WBO audit and agreed to forward the audit report to the full Commission for review and further discussion during a future M&C meeting.

FACTS & ISSUES:

1. The Office of Operational Analysis conducted an Audit of the Athens-Clarke County Water Business Office as part of the FY18 Work Plan. Following are the findings and recommendations identified during the audit.
2. Findings and Recommendations in the report include the following:

A. Internal Controls

1. *Finding: No formal policies or procedures are in place at the WBO.*

Recommendation: The independent consultant should finalize the Operating Policies and Procedures and the Water Business Office should implement them within the next 12 months.

2. *Finding 2: WBO software is outdated.*

Recommendation: Update or replace the software to interact with the financial software used throughout ACC.

Recommendation: Provide extensive training on all facets of the H.T.E. software or purchase the financial software used by other departments in ACC.

Recommendation: Proactively pursue continuous improvement in technology, work practices, and processes to eliminate the heavy dependency on other ACC departments and the software vendor for technology support.

Recommendation: Hire a financial/operations manager proficient in up-to-date ERP software to generate utility reports, conduct financial analysis, communicate data across reporting levels within the WBO and with other ACC departments as necessary, support WBO operations, evaluate internal controls, and ensure the WBO becomes compliant with the Disposition of Unclaimed Property Act O.C.G.A. Section 44-12-190.

3. *Finding: The customer billing process is time-consuming and inefficient.*

Recommendation: Implement an updated billing system improving the speed and efficiency of the billing process.

B. Advanced Metering Infrastructure (AMI)

Recommendation: Continue to enhance the AMI system to reduce misreads and the lack of polling by either the installation of additional collectors or by other means.

4. *Finding: The implementation of the AMI technology is complete. Public Utilities completed the installation of the project in November 2019.*

C. Customer Service

5. *Finding: Customer service procedures lack consistency.*

Recommendation: Establish standard customer procedures that all staff adheres to.

6. *Finding: ACCUG departments are not afforded the opportunity to collaborate with the WBO staff to maximize customer service.*

Recommendation: Empower the Solid Waste staff by training them on how to create accounts, take and post payments, and to assist during high levels of account activity.

7. *Finding: Customer parking is inadequate.*

Recommendation: Controlled parking or additional parking spaces are needed for customers. A single entrance and separate exit both with gates would assist with parking issues.

D. Process Improvements

8. *Finding: Customer Satisfaction Survey results indicate customer expectations are not being met.*

Recommendation: Technological enhancements are necessary to improve customer satisfaction. Some examples are:

- Proactive alerts — notifications via text or email when trending towards higher usage.
- Interactive Voice Response (IVR) technology, which will allow customers to pay via telephone to an automated system.
- Ability to pay bill online with a credit card or e-check without a processing fee.
- View account activity in real time.
- Start, transfer, or stop service electronically and receive a confirmation number immediately indicating receipt of the form.
- Card scanners installed at each CSR station for the processing of credit card payments.

OPTIONS:

1. Accept the Audit Committee's report entitled Audit of the Athens-Clarke County Water Business Office - 2020
2. Do not accept the Audit Committees report.
3. Mayor and Commission defined option.

DEPARTMENT RECOMMENDED ACTION: Option #1

DEPARTMENT: Office of Operational Analysis
Prepared by: Stephanie Maddox, Internal Auditor



April 21, 2020

ADMINISTRATIVE COMMENTS:

ADMINISTRATIVE RECOMMENDATION:

Proposed Audits for Calendar Year 2020

	Department Audit Topic(s)	Additional Information	Proposed Audit Scope
1.	Animal Services Department Approved	Newly established department placed under the Manager's Office. <u>Areas of interest:</u> 1. To better protect the health and safety of animals in the Athens-Clarke County Animal Shelter. 2. Evaluate existing operating procedures; do employees know how to access and use them. 3. Do staffing levels meet minimum national standards for providing care to shelter animals. 4. Review the existing animal database- are reports accessible 5. Role of nonprofit partners in funding assistance and adoption procedures. 6. Are staff properly trained to perform the duties of their jobs.	<u>Objective and Scope:</u> The objective of the audit is to evaluate Animal Services operations as compared to best practices and to determine whether they comply with applicable laws, regulations, and policies. The audit will focus on animal kennel care, shelter sanitization, policies and procedures, staffing, training, drug inventory management, and the department's automated information system. Proposed scope • Analyze staffing levels needed to properly care for the animals within the shelter. • Review shelter sanitization protocols to prevent the spread of pathogens leading to disease. • Review the training practices established for length of time and skill development. • Review impound protocols for health issues. • Review certifications of staff to perform assigned duties within State regulations. • Review departmental euthanasia policies and practices. • Review budgetary allocations related to the annual operating budget for Animal Services.
2.	Finance Department Purchasing Division	<u>Purchasing Card (P-Card) Program</u> 1. High value transactions and high amounts per month across multiple transactions 2. Duplicate and split transactions 4. Late or missing cardholder or manager approvals 5. Keyword search could reveal personal transactions or other violations 6. Maximum spending limit/day (per transaction) 7. Are itemized receipts reviewed 8. In FY19 the Purchasing Division issued 323 P-cards	<u>Objective and Scope:</u> • Assess Internal Controls and processes/procedures of the P-card program. • Are cardholders in compliance with the P-card policy • Evaluate P-card reconciliation process • Conduct financial transaction analysis to determine if unauthorized purchases are approved • Is consistent documentation submitted by P-card users • Determine if internal control weaknesses exist
3.	SPLOST Program	<u>Areas of interest:</u> One SPLOST program. For example, SPLOST 2011.	<u>Objective and Scope:</u> 1. Administrative Oversight 2. Project Savings 3. Local Contractor support 4. Citizen input and user group viability (are impacted citizens properly included in final project design process?) Do the details of the final project design match the original intent of the project as presented to the original citizen committee?
4.	Grant Mgmt. Program Administration, Compliance and Oversight	<u>Common findings</u> • Untimely report submissions • Lack of documentation • Inadequate monitoring of subrecipients • Inadequate time/effort reports • Commingling of funds • Excess cash on hand • Unallowable costs • Inappropriate changes • Conflicts of interest	<u>Objective and Scope:</u> • Evaluate performance oversight and program outcomes • Evaluate grant process (programmatic, budgeting, accounting, etc.) • Are grant resources utilized in accordance with the contract • Determine if training is needed
5.	Board of Elections	<u>Risks unique to the elections process</u> 1. Segregation of Duties 2. Document Management 3. Policies and Procedures 4. Reduced Confidence 5. Voter Registration Systems 6. Transmission based risks - Poll books	<u>Objective and Scope:</u> • Determine whether BOE has the controls in place to ensure an accurate, fair, and efficient election • To assess the effectiveness of BOE's efforts to comply with reporting and disclosure requirements • Determine if the BOE has administrative rules, policies and procedures in place • Assess the effectiveness of BOE's efforts to comply with reporting and disclosure requirements