



# 2013 Annual Audit Report

## MESSAGE FROM THE DIRECTOR

DATE: March 28, 2014

TO: Board of Commissioners  
David Hankerson, County Manager  
Audit Committee

Enclosed please find a summary of our 2013 performance measures and accomplishments for your review and information. During 2013, we issued a total of 17 written reports: nine assurance and eight follow-up. A summary of quantitative and qualitative outcome measures from the assurance reports are reflected on pages 16 – 17. We also provided a variety of consulting and business advisory services in other areas. In addition, a new section has been added to highlight this year's Audit Committee activities.

One notable achievement in 2013 was our function being elevated to the department level within Cobb County's organization structure. We believe this change underscores the Internal Audit function as a critical component of the County's governance. Another highlight was our opportunity to participate in the County's contract management initiative, which required numerous planning sessions and resulted in an initial series of five training presentations. A coordinated effort between the Information Services department and contract management initiative committee to develop a countywide contract repository is expected to yield significant efficiencies. Additional details are provided in the accompanying pages.

As required by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, I attest that our organizational independence remains intact. Our activity continues to be free from interference in determining the scope, performing the procedures, and communicating the results of our work. In addition, the Audit Committee continues to provide its oversight into our activities. In 2014, we are looking forward to the external assessment of our internal Quality Assurance and Improvement Program.

If you have any questions or would like to discuss any aspect of this report in more detail, please let me know. Again, we are appreciative of your support and confidence.



Latona R. Thomas, CPA  
Internal Audit Director

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## DEPARTMENT MISSION

The mission of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve Cobb County's operations. We serve to help the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the County's risk management, internal control, and governance processes.

As the Internal Audit Department supports the Board of Commissioners, County Manager, Departments, and Elected Officials in the realization of their business goals and objectives, our contributions are in the form of testing and reporting on the efficiency and effectiveness of departmental internal control systems and processes. County management relies on these systems and processes for safeguarding the County's assets and resources.

## AUDIT COMMITTEE ACTIVITIES

The Cobb County Audit Committee was created by Board of Commissioners' (BOC) Resolution on July 10, 2012. The Committee's primary purpose is to assist the BOC in fulfilling its oversight responsibilities by reviewing and evaluating the County's Internal Audit function. It also facilitates open communication between the BOC, Elected Officials, Constitutional Officers, County management, the Internal Audit Department, and external auditors. Committee members appointed (as of 12/31/2013) included:

- Tim Lee, Chairman, Board of Commissioners
- JoAnn Birrell, District 3 Commissioner<sup>1</sup>
- Angie Davis, Clerk of State Court, *(elected official committee member)*
- Brett McClung, CPA, *(citizen committee member)*
- Laurie Dyke, CPA, CFE, CFC (citizen committee member)
- New Committee Member - District 4 Commissioner Lisa Cupid *(effective January 2014)*

During its inaugural year 2013, the Committee's oversight responsibilities included, but are not limited to the following:

- Created its Audit Committee Charter and presented for approval by Board of Commissioners;
- Reviewed Internal Audit activities for fiscal year 2009 through 2013;
- Reviewed Internal Audit risk assessment approach; and
- Approved the Internal Audit Plan for June 2013 through December 2014.

Current Audit Committee efforts include a review of the Fiscal Year 2015/2016 countywide biennial risk assessment process. This process includes providing input on risk factors and identifying County functions, programs, activities, and initiatives with the most significant financial, managerial, operational, and/or compliance risks. The overall results should include a prioritized audit schedule that provides an efficient use of Internal Audit's limited resources. Ongoing and future responsibilities are reflected in the Audit Committee Charter, as referenced.

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<sup>1</sup> Commissioner Lisa Cupid replaced Commissioner JoAnn Birrell as District Commissioner member effective January 2014.

## ASSURANCE SERVICES (AUDITS/REVIEWS)

Assurance services are independent appraisals of County operations, programs and procedures that result in formal reports issued to management for response to findings identified and, if applicable, proposed recommendations. The following are the assurance services reports issued in 2013.

### **Audit: Final Report – Review of Controls Over the Processing of Benefit Payments and Invoices in the Human Resources Department, Report Number 2013-001, April 26, 2013**

**Synopsis:** Our review showed that although incoming payments were accounted for, the process used to identify and monitor these payments is labor intensive and time consuming. The current process also does not provide adequate assurance that all persons requiring a direct payment are identified. Using an automated system for processing the payments would reduce the time needed to monitor the timely and accurate submission of payments and eliminate manual tracking and reporting.



In addition, we determined that the following procedures for monitoring and accounting for incoming payments need improvement.

- Better procedures are needed to identify employees who are required to make direct payments.
- Monitoring of direct payments needs to be automated.
- Policies for terminating coverage due to non-payment need to be developed.
- The agreement with AFLAC to pay the County an administrative fee for processing employee premium payments needs to be documented.
- Refund of AFLAC premiums should be sent directly to the employee, eliminating the need for the County to receive and resend the check to the employee.
- Healthcare premium payments from the pension administrators need to be verified for completeness and accuracy and tracked as an accounts receivable using the County's financial system.
- Procedures need to be changed to reduce the number of checks received from the workers' compensation administrator and to automate the tracking of payments due from employees who need to repay excessive workers' compensation payments.

We determined that procedures for the monitoring and accounting of outgoing payments needs improvement because invoices for healthcare benefit premiums and administrative fees were not always verified prior to payment that resulted in several invoices being under or overpaid. For the month of July 2012, four monthly invoices were either over or underpaid resulting in an estimated net underpayment of \$1,338. Our test of annual invoice payments showed two invoices either underpaid or overpaid resulting in a net overpayment of \$6,972.

Our analysis also identified approximately \$22,000 in overpayments to CIGNA that were mainly a result of 220 terminated employees erroneously listed as eligible enrollees in our dental program. CIGNA acknowledged the extended overpayment of the ASO fee related to these enrollees and, to date, has refunded the County \$15,273<sup>2</sup>. We also identified potentially \$6,583 in dental claims paid for these enrollees after their termination date.

Reviewing, validating and authorizing invoices for payment is one of the best practices of contract management. Our review showed a lack of adherence to best contract management practices, which attributed to the underpayment and overpayment of these premium and administrative fee invoices. Other aspects of contract management were not being practiced. Contract provisions were not familiar to the contract coordinators, vendor performances were not monitored, and contract documentation was incomplete or not readily available.

Finally, we also determined that basic internal control practices of 'segregation of duties' and 'management review at the activity level' need to be reemphasized. We identified instances of employee handling more than one key aspect of a transaction, which increases the risk of error or fraud. Also, management review, approval and documentation of critical processes need to be increased at the functional or activity level to ensure management objectives and goals are met.

**Impact:** The findings in the report will strengthen the controls over the accountability of over \$60 million of funds processed through or approved by the Human Resources Department annually. Taxpayers can be assured that manual benefit payments received from employees will be accurately accounted for and deposited in a timely manner and expenditures for employee benefit premiums and administrative program fees are properly verified for accuracy prior to payment.

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#### **Audit: Final Report – Review of Controls Over the Revenue Recognition of the Breeze Card Program, Report Number 2013-002, June 5, 2013**

**Synopsis:** Our review found that incoming funds from the Metropolitan Atlanta Rapid Transit Authority (MARTA) were accounted for; however, there is no process to independently validate the completeness or accuracy of the amounts remitted to the County. In addition, the Breeze Card participation agreement is expired with outdated terms and conditions, and the revenue recognition and reconciliation principles are inconsistent with said agreement. Effective contract management practices would ensure contract provisions are met or revised in a timely manner. Additional issues regarding the portable key security and ridership reports are also addressed.



**Impact:** The recommendations in this report will strengthen the controls over approximately \$2.2 million of revenue currently processed through Breeze Cards annually and potentially \$6.2 million if the County converts to all Breeze Card and cash only. The recommendations will also ensure that the County receives the correct amount of revenue and funds generated by Cobb Community Transit (CCT).

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<sup>2</sup> Includes the \$586 identified in our review on July 2012 invoices.

**Audit: Final Report – Review of Selected Activities of the Friendship Club (for the calendar year ended December 31, 2012), Report Number 2013-007, August 2, 2013**

**Synopsis:** Our review showed disbursements were made in accordance with established by-laws and were approved by the Club’s Board and Treasurer. Financial reports were submitted timely to the Board, and the Center for Family Resources (CFR) followed established guidelines for the distribution of funds to employees.

However, the lack of written procedures for managing the Club’s finances impeded a smooth transition to a new Assistant Treasurer (AT) in December 2012. The incoming AT did not have written procedures available to help her manage the Club’s finances. As a result, the financial records were not maintained up-to-date, reconciliations of the bank statement were not performed correctly, and payment of CFR invoices for disbursements Employee Emergency Fund were not paid timely. In addition, although a by-law change was properly voted on by the Board, additional actions are necessary to ensure the new changes are implemented.



**Impact:** This year’s assessment of the controls over the Club’s finances gives assurance to the employees that their contributions are handled responsibly and are making an impact in the lives of their fellow employees and families in the community.

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**Audit: Final Report – Review of the Cobb County Non-Profit Grant Program, Report Number 2013-009, September 3, 2013**

**Synopsis:** We determined that the Cobb Count Collaborative (CCC) developed and implemented a comprehensive set of guidelines governing the application and award process. Generally, the Finance Department monitored the grant financial statuses and some industry best practices were implemented by CCC.



Our review identified three areas (Guidelines and Goals, Scoring and Awards, and Expenditure Monitoring) where the development and implementation of additional directives and best practices will reduce the level of inherent risk in the program.

We made several recommendations designed to:

- Develop additional guidelines to provide focus, transparency and structure to the program.
- Simplify and improve the application, scoring and award processes.
- Provide additional reports to monitor the status of funding and the impact of the program.
- Implement additional best practices to improve the effectiveness and efficiency of the program.

We also made two recommendations to the Finance Director/Comptroller to discontinue service and payment of an unused phone line for Legal Aid and provide instructions for the submission of adequate program expenditure receipts by grant recipients.

**Impact:** When addressed, the findings in this report will lessen the County’s exposure to risks in the Nonprofit Grant Program. Through increased transparency and oversight, citizens can be more confident that their tax dollars are being spent to support nonprofits that are making a significant impact in the community.

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**Audit: Final Report – Review of the Controls Over Non-Vested Pension Refunds, Report Number 2013-010, September 12, 2013**

**Synopsis:** Our review found that refunds were processed in accordance with separation procedures; however, the current process is inefficient and does not provide adequate assurance that all persons requiring a refund were identified and completed. In addition, no written guidelines for processing refunds were noted and Human Resources staff needs additional education on the overall process. Our analysis of the inaccurate refund calculation template identified an average overpayment amount of 4%.



**Impact:** Pension refunds for non-vested participants averaged \$902,462 annually for the last five calendar years 2008 through 2012. The findings in this report will strengthen the controls over the process of identifying, calculating, and paying refunds to former employees. Taxpayers and employees can be assured that non-vested participant payments from the Employee Retirement System Trust Funds are properly monitored, accurate, and in accordance with the Pension plan's guidelines.

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**Audit: Final Supplemental Letter Report – Vested Pension Payments, Report Number 2013-011, September 12, 2013**

**Synopsis:** During our Review of the Controls over Non-Vested Pension Refunds from the Cobb County Government Employees' Pension Plan (the Plan)<sup>3</sup>, we noted two additional participant groups where the lack of adequate procedures and controls to identify participants could result in delayed or non-payment of refunds or monthly pensions. One group is deceased vested participants, and the other is inactive vested participants who were eligible for retirement benefits.



We determined there is no control to ensure that all refunds due are identified and paid for deceased vested participants. A refund of the employee's accumulation is due to the designated beneficiary or estate of any vested participant who dies prior to commencing benefits, provided there is not a spouse eligible for a preretirement death benefit. A refund is also due to the beneficiary or estate if a participant dies after commencing benefits and there is not an optional form of payment in place.<sup>4</sup> The refund amount would be equal to the employee's accumulation less the amount of benefits paid prior to death.

Upon separation from service, vested participants receive County correspondence indicating the County will contact them 30 to 60 days prior to their 65<sup>th</sup> birthday. However, there are no documented procedures or controls to ensure that vested participants were contacted therefore the process was inconsistently performed.

We recommended that procedures be developed and documented to ensure pension benefits or refunds are paid timely on behalf of deceased vested participants and vested participants are consistently contacted prior to their 65<sup>th</sup> birthday.

<sup>3</sup> Report Number 2013-010, dated 9/12/2013.

<sup>4</sup> Contingent Pensioner and Years Certain benefit payment options.

**Impact:** Refunds for deceased vested participants and inactive vested participants will be identified and settled in a timely manner to ensure eligible participants are receiving their benefits, liabilities are being met, and to allow accurate data for planning purposes.

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**Audit: Final Report – Review of Cobb County Drug Court Laboratory Cash-Handling Procedures, Report Number 2013-014, November 7, 2013**

**Synopsis:** The Lab has implemented procedures to safeguard remittances collected for drug testing. However, we identified opportunities where controls could be enhanced to increase the physical security over cash, increase the accountability and accuracy of collections, and provide procedures that assign responsibility for any overages/shortages or losses. We also made an observation concerning the lack of available evidence to support the contention that if the Lab testing is expanded, it can produce substantial net income to offset the cost of the Drug Court.



**Impact:** The results of this audit should enhance the overall control environment of the Drug Court Lab operations. Ensuring a viable internal control environment exists is essential to meet objectives and is a proactive step to guard against waste, fraud and abuse. The enhanced cash handling procedures will provide more protection to revenue collected by the Lab and give the County Treasurer more assurance that revenue due the County is deposited into the General Fund.

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**Audit: Final Report – Audit of Third-Party Administrators for Health Benefit and Workers' Compensation Plans (performed by The Segal Company with the assistance of Internal Audit), Report Number 2013-015, November 21, 2013**

**Synopsis:** The review validated that the TPAs were generally administering the plans as intended, meeting performance standards, and adjudicating claims correctly. However, discrepancy and interpretation issues were noted between benefit plan booklets and TPA adjudication systems. In addition, weaknesses in the management of the TPA contractual agreements did not detect inaccuracies in plan documents, and performance guarantees were not monitored.



**Impact:** The County funded approximately \$57.7 million in medical, dental, prescription drug, and workers' compensation expenses during fiscal year 2012. The findings and recommendations in the report will strengthen the TPAs' controls over adjudicating claims, as well as Human Resources (HR) controls over monitoring the TPA contractual relationships and overall benefit program. Taxpayers can be assured that payments for self-insured benefits are paid in accordance to the benefit plans and expenses are paid in a timely manner.

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**Audit: Letter Report – Reconciliation of Centrex Billing Account, Report Number 2013-017, December 23, 2013**

**Synopsis:** As part of our survey of the County’s telecommunications costs, we reviewed the billing for the Centrex phone lines. We identified several discrepancies in the billing data including duplicate numbers, inconsistent rates, and outdated department identifiers. Because of these discrepancies, Information Services personnel decided to get a data dump of all Centrex-related lines and equipment and reconcile the County’s records to the vendor’s billing statement. They plan to investigate the details of every charge and when appropriate, initiate a ‘tag-and-locate’ to determine if the service physically exists. In addition, they will ask departments to confirm the Centrex services they are currently using.



**Impact:** The County will have more assurance that the Centrex services we pay for are being utilized and we are paying accurate rates for the services.

## FOLLOW-UP REPORTS COMPLETED

We perform periodic follow-up audits to evaluate the status of prior recommendations to ensure they are implemented timely by management. The auditor's role in follow-up reviews is to compile corrective actions taken by the auditee, assess whether those actions are adequate to correct the reported deficiencies, and relay those results to County management. The following is information on the eight follow-up audits conducted this year.

Audit Number	Date	Name	Recommendations		
			Open	Resolved	Remaining
2013-003	6/6/2013	First Follow-Up Report: Review of the Cobb County E911 Fund	12	7	5
2013-004	6/6/2013	First Follow-Up Report: Letter Report – Supplemental Analysis of Wireless Providers Billing Practices – E911 Fund Report	1	0	1
2013-005	6/6/2013	Third Follow-Up Report: Letter Report – Update of Petty Cash Policy Statement	0 <sup>5</sup>	0	0
2013-006	6/27/2013	First Follow-Up Report: Review of Cash-Handling Activities in the Community Development Agency, Development and Inspections Division	12	7	5
2013-008	8/09/2013	First Follow-Up Report: Review of 800 MHz Operations	15	5	10
2013-012	11/07/2013	First Follow-Up Report: Review of the Controls Over the Revenue Recognition of the Breeze Card Program	10	2	8
2013-013	11/07/2013	Fifth Follow-Up Report: Review of Cobb County Street Light District Program <sup>6</sup>	6	3	3
2013-016	12/23/2013	First Follow-Up Report: Review of Controls Over the Processing of Benefit Payments and Invoices in the Human Resources Department <sup>7</sup>	13	0	13

<sup>5</sup> See comment on next page.

<sup>6</sup> See comment on next page,

<sup>7</sup> See comment on next page.

## COMMENTS ON SELECTED FOLLOW-UP REPORTS

### Third Follow-Up Report: Letter Report – Update of Petty Cash Policy Statement, Report Number 2013-005

In our last follow-up, we determined that the recommendation (revision of the policy) had been implemented, but the Policy statement and related forms had not been published to the CobbWeb and changes had not been made to the Accounts Payable manual. We conducted this additional follow-up to ensure that these actions are completed. We determined that these actions have not been completed.

This will be our final follow-up. The Finance Department will be responsible for ensuring that all departments are notified of the Policy changes and for publishing the Policy and related forms to the CobbWeb. The Accounts Payable Manual should be updated accordingly.

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### Fifth Follow-Up Report: Review of Cobb County Street Light District Program, Report Number 2013-013

The table shows the completion status of the energy audits and results to date.

#### *Audits to Validate Street Light Billing*

Energy Company/Department	Percent Completion	Estimate Savings/Increase Revenue
Georgia Power	100%	Under dispute
Cobb EMC	40%	-\$107,851 (net)
Marietta Power	85%	None
Acworth Power	100%	None
Greystone Power	85%	\$1,834
Cobb County Water	Ongoing	\$63,126

Source: SLD Coordinator.

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### First Follow-Up Report: Review of Controls Over the Processing of Benefit Payments and Invoices in the Human Resources Department, Report Number 2013-016

None of the 13 recommendations has been fully implemented due to other work priorities. They anticipate the corrective actions to be completed by March 2014. We will perform our second follow-up after the revised completion date.

## ***Citizen Cost-Savings/Idea Reports***

The Internal Audit Department facilitates an internal database of suggestions from citizens that potentially provide cost-savings, increased efficiency, and/or improved County operations. During 2013, we received 23 suggestions of which three were received from employees. Employee suggestions were forwarded to the Internal Employee Suggestion Program for consideration. Each of the remaining 20 suggestions was promptly evaluated by the appropriate department(s); however, none resulted in any quantifiable savings. A formal response was provided to each citizen who included their contact information.

## ***Projects in Process***

The following projects were initiated and substantially completed in 2013 or are currently in process. The reports will be issued in early 2014. Details will be included in the calendar year 2014 annual report.

### **Review of Controls Over Telecommunication Costs**

**Assurance Service:** Our overall objective is to determine if the County has the processes and procedure in place to manage the acquisition, accountability, and security of wireless devices (cellular and Smart phones, AirCards, wireless modems).

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### **Survey of the Cobb County Medical Examiner Operations**

**Assurance Service:** The objective of our survey is to determine if the Cobb County Medical Examiner's Office (MEO) operations is effectively administered and maintained to ensure compliance with current laws and regulations. We will also evaluate whether the current County oversight and organizational structure, contract management and monitoring practices, and operational procedures are adequate. We also evaluated whether best practices and professional standards are appropriate for implementation

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### **Audit of Revenue Processed Through the CLASS System**

**Assurance Service:** The objective of our audit is to determine the controls over the revenue being processed through the CLASS system are adequate to ensure revenue is being safeguarded, complete and accurate, and properly reported into the Advantage Financial system. We will also evaluate the current fee structure of the programs offered for reasonableness.

## ***Consulting Services***

Consulting activities are advisory in nature, designed to add value and improve the governance of County operations. Consulting may require participation on committees or panels, the facilitation of studies or reviews, and/or the performance of analyses. This process is less formal than assurance services and reports are not generally issued as a result, but may be issued in some instances. We also provide services to non-BOC elected officials as requested.

### ***Service on Committees***

Internal Audit personnel served on the following committees and provided independent, objective input to assist County management in meeting their objectives.

- Actuary Verification Committee (Human Resources/Finance)
- Tuition Reimbursement Committee (Countywide)
- Suggestion Incentive Committee (Internal/Employee)
- Interview Panel for Support Services Director (County Manager)
- Countywide Contract Management Initiative (Countywide)
- RFP – Administrative Services for Medical, Dental and Pharmacy (Human Resources)
- RFP – Design/Construction Administration at Milford Park (Parks)

### ***General Guidance and Consultation***

Internal Audit personnel provided information or input on the following topics of management concern:

- DOT/CCT Breeze Card Analysis Discussions
- Senior Services/Senior Council (501© organization) structure
- DOT/CCT Business Analyst Position/Application Process
- ACCELA System/Community Development Discussions
- Community Development Armored Car Service Discussions
- Cobb County Nonprofit Grant Program Discussions
- Drug Treatment and Education Program Discussions

## ***Audit Alert***

Audit Alerts are usually one-page newsletter style publications presented to County departments of a potential risk area that should be evaluated in their departments.

- No audit alerts were issued in 2013.

## ***Retirement Computations***

Our review of retirement calculations is intended to be an additional quality review and not intended to be relied upon solely as an attestation of the accuracy of the calculations. The final determination of whether all factors have been considered and accurately applied to the calculation of retirement benefits is the responsibility of the Human Resources Department. During 2013, we completed the following estimates:

- Regular/Vested Term/Survivor Benefit Calculations – 158

## Performance Measures

### Time Allocation

Seventy-eight percent<sup>8</sup> of our staffing time was allocated to performing our core functions of planning and performing assurance and consulting services, including retirement calculations. Administrative meetings include weekly internal status meetings, bi-weekly County Manager status meetings, monthly manager meetings, and other countywide meetings, including periodic attendance at Board of Commissioners' meetings.

Seven percent of our time was allocated to general administrative tasks which includes managerial and staff time used for progress discussions, annual performance appraisals, and routine daily administrative functions. The graph below shows the time allocation for the Department Director, Staff auditors and the Administrative Specialist (excluding administrative and planning time).

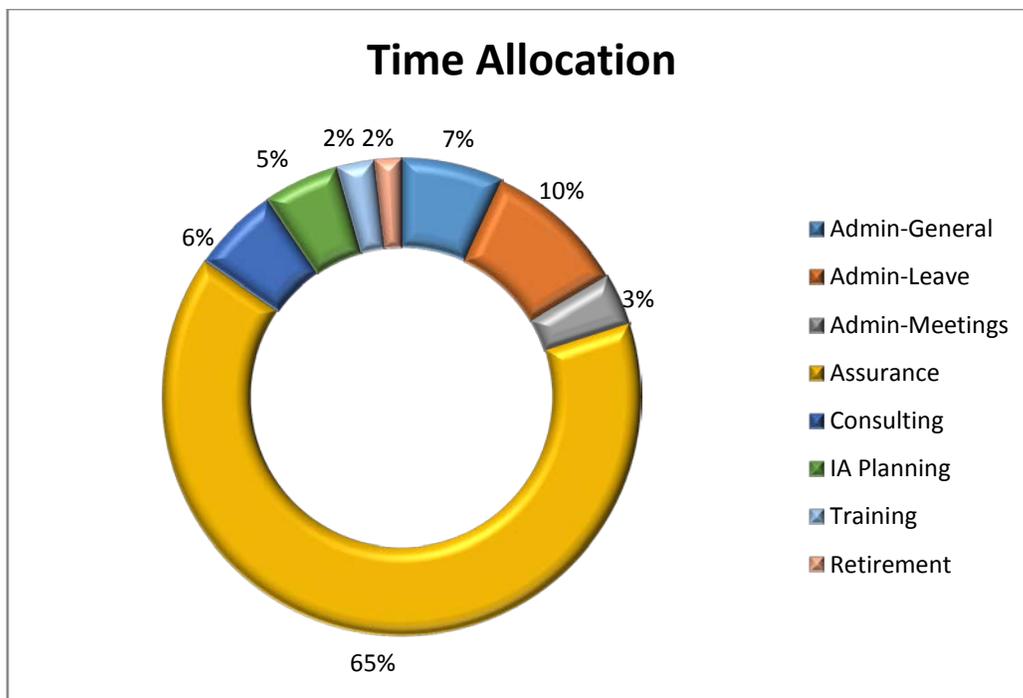


Table 1 - Source: Internal Audit Time Reporting Worksheets

The Administrative Specialist provided administrative and direct support to the Department. Additional details of time allocation for 2013 are presented on the next page.

<sup>8</sup>-Per 2012 Association of Local Government Auditors Benchmarking Survey, this percentage is 70% for an audit function with three to five auditors (published March 2013).

Administrative Specialist Time Allocation	Percent
Administrative	73%
Assurance/Consulting	8%
IA Planning	16%
Training/Other	3%
Total Time	100%

Table 2 - Source: Internal Audit Time Reporting Worksheets

### Recommendations

We issued nine reports with 71 recommendations in 2013. Since we started tracking recommendations in 2009, the auditees have agreed with 98% (286 of 292<sup>9</sup>) of our recommendations. The chart shows the status, of the 286 recommendations, as of December 31, 2013.

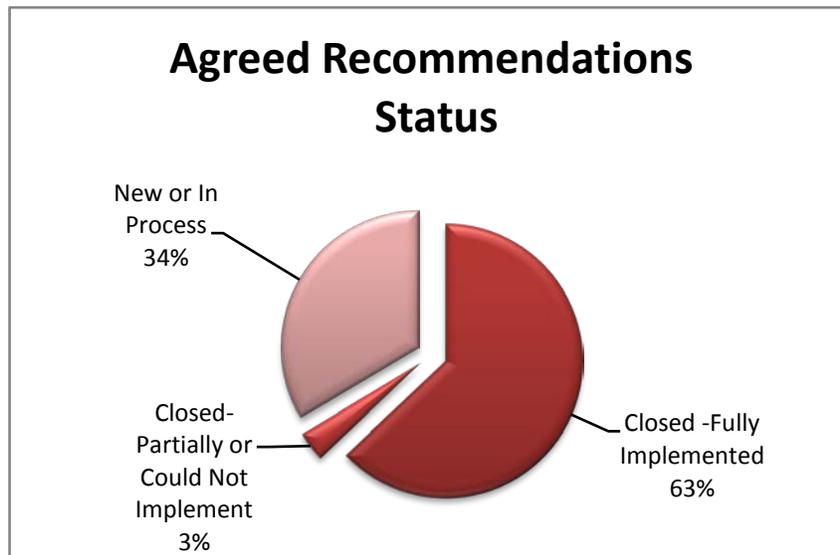


TABLE 3 - SOURCE: INTERNAL AUDIT RECOMMENDATION DATABASE

<sup>9</sup> Total recommendations were overstated by one in prior reports.

## **Outcome Measures (captured from reports)**

Outcome Measures are an accounting of the impact of our audit results and recommended corrective actions quantified on a fiscal year basis consistent with the County's fiscal reporting period.

### **Quantifiable Benefits**

- **Review of Controls over Benefit Payments and Invoices (2013-001)**
  - Increased Revenue (Potential/Actual) - \$26,905 (net) overpayments of benefit payments and invoices.
  - Reliability of Information (Actual) - \$60 Million funds processed the through Human Resources Department annually.
- **Review of Controls over Breeze Card Revenue (2013-002)**
  - Reliability of Information (Actual) - enhanced controls over \$2.2 million in revenue processed through Breeze Cards.
- **Review of the Cobb County Non-Profit Grant Program (2013-009)**
  - Expenditure reduction (Potential/Actual) - \$2,295 for discontinued payment of unused telephone line.
  - Reliability of Information (Potential) – increased accountability over \$1.1M in average grant dollars awarded annually.
- **Review of Controls over Non-Vested Pension Refunds (2013-010)**
  - Increased Revenue (Actual) - \$36,613 annually, elimination of overpayments.
  - Reliability of Information (Potential) - enhanced controls over the completeness and accuracy of \$902,462 in pension refunds annually.
- **Review of Drug Court Lab Cash Handling Procedures (2013-014)**
  - Revenue Protection (Potential) – enhanced controls over \$250,000 in estimated collected fees annually.
- **Audit of Third Party Administrators for Health Benefit and Worker's Compensation Plans (2013-015)**
  - Increased Revenue (Potential) - \$3,581, overpayments to vendors. Also, amendments to contract terms and conditions could result in additional savings.
  - Revenue Protection (Potential) - enhanced controls over the average quarterly collection of \$358,229 in prescription drug rebates.

Qualitative measures are harder to quantify; however, recommendations and information provided in our reports and consulting services provided the following benefits:

<b>Qualitative Benefits</b>
<ul style="list-style-type: none"> <li>• <b>Review of the Cobb County Non-Profit Grant Program (2013-009)</b> <ul style="list-style-type: none"> <li>◊ Reduced the County's exposure to risks in the Non-Profit Grant Program through increased transparency and oversight.</li> </ul> </li> <li>• <b>Audit of Third Party Administrators for Health Benefit and Worker's Compensation Plans (2013-015)</b> <ul style="list-style-type: none"> <li>◊ Provided greater assurance that plan documentation reflects the current benefits.</li> </ul> </li> </ul>

### **Customer Survey Results**

At the conclusion of every audit, the auditee is given an opportunity to complete a survey of our work within their department or area. Based on the compiled responses received, we achieved an overall rating of 100% out of 100. Below is a listing of the overall ratings for the survey questions.

<b>Questions</b>	<b>Rating</b>
(1) The audit objectives were clearly communicated to me.	5.00
(2) The auditor or audit team conducted themselves in a professional and courteous manner.	5.00
(3) The auditor or audit team maintained an adequate level of communication throughout the audit.	5.00
(4) The draft report was adequately discussed and any problems resolved before the report was formally issued.	5.00
(5) The audit report clearly presented the results of the audit.	5.00
(6) Recommendations in the audit report were practical and reasonable.	5.00
(7) Overall, the audit added value to my business unit and helped to improve our operations.	5.00
<b>Percentage of Maximum Rating</b>	<b>100.00%</b>

Table 3 – Source: Internal Audit Department, Customer Survey Database

Ratings: 1 = Strongly Disagree; 2 = Disagree; 3 = Neither Agree Nor Disagree; 4 = Agree; 5 = Strongly Agree

### **Specific auditee comments included the following:**

*"I think the Internal Audit function is invaluable to the improvement of business processes within Cobb County Government. Latona and her staff do an outstanding job of adding value and seeking to help us improve not just report on issues."*

## **Countywide Community Activities**

- United Way Campaign
- Veterans Day
- Wheeler High School 'Senior Project' judging
- YWCA of Northwest Georgia

## **Other Noteworthy Activities**

- Division promoted to department level function
- Revised our internal policies and procedures manual
- Completed and presented 2013/2014 Audit Plan for approval
- Developed a 'How to Self-Audit' for Contract Management Procedures

## **Staff Development/Training**

The County's Internal Audit Department is in compliance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors (IIA) Standard 1230 which states, "Internal auditors should enhance their knowledge, skills, and other competencies through continuing professional development."

Auditors that have a Certified Public Accountant (CPA) designation must comply with the Georgia State Board of Accountancy requirement of eighty (80) hours of continuing professional education (CPE) every two odd-numbered years, to include a minimum of sixteen (16) hours in accounting and auditing subjects.

While the IIA *Standards* do not require a specific number of hours for non-certified Internal Auditors other than the hours are adequate, all staff without specific designations are required to complete at least forty (40) hours of CPE every two years, to include a minimum of sixteen (16) hours in government accounting and auditing subjects. During 2013, staff completed the required number of CPE hours as indicated above.

## **Professional Affiliations**

Internal Audit Department staff are individually or collectively members of the Institute of Internal Auditors and the Association of Local Government Auditors (ALGA).

## **Staffing and Contact Information<sup>10</sup>**

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<sup>10</sup> Based on staffing as of the date of this report.