

2017 ANNUAL REPORT



July 30, 2018

Internal Audit Department



Cobb County...Expect the Best!

This report summarizes the activities of the Internal Audit Department for Calendar Year 2017.



Cobb County...Expect the Best!

2017 Annual Report
MESSAGE FROM THE DIRECTOR

DATE: July 30, 2018

TO: Board of Commissioners
Audit Committee
Robert Hosack, County Manager

The Cobb County (the County) Internal Audit Department is a monitoring function within the County's internal control framework that serves as an added level of transparency and accountability to citizens and other stakeholders. We provide independent, objective assurance and consulting services designed to enhance and protect the County's value and improve County operations.

Enclosed please find a summary of our calendar year (CY) 2017 performance measures and accomplishments for your information. During CY2017, we issued a total of seven written reports: three assurance and four follow-ups. We also provided a variety of other consulting and business advisory services which are detailed throughout the report. For highlights from this year's Audit Committee activities, see Pages 3-4. In addition, Appendix A includes our annual internal assessment of conformance to the Institute of Internal Auditors (IIA) Standards, where we assert that our activities continue to conform to the IIA Standards.

Although staffing¹ sustainability continued to be a challenge during CY2017, we noted a significant improvement in automation. We secured the services of an external vendor and successfully configured, tested, and implemented a comprehensive electronic audit management system designed to increase the effectiveness and efficiency of our department activities. Other noteworthy activities are reflected on Page 8.

As required by the IIA's *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.

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.

A handwritten signature in black ink, appearing to read "Latona R. Thomas".

Latona R. Thomas, CPA
Internal Audit Director

¹ See 'Staffing and Contact Information' for detailed information on staffing changes, Pages 15-16.

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DEPARTMENT MISSION

The mission of the Internal Audit Department is to enhance and protect Cobb County's (the County) value by providing risk-based and objective assurance, advice, and insight. Our independent, objective assurance and consulting services are designed to add value and improve the County's operations. Our department also helps the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

AUDIT COMMITTEE ACTIVITIES

Audit Committee Composition

The Cobb County Audit Committee (Committee) was created by a 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 during CY2017 included:

- Mike Boyce, Chairman, Board of Commissioners
- Bob Weatherford, District 1 Commissioner
- Angie Davis, Clerk of State Court, *(Elected Official committee member)*
- Brett McClung, CPA, *(Citizen committee member)*
- Laurie Dyke, CPA, CFE, CFC *(Citizen committee member)*

Effective January 2018, Joann Birrell will serve as the District Commissioner representative for the 2018 calendar year.

Committee Oversight Responsibilities

During CY2017, the Audit Committee continued to provide oversight responsibilities of the Internal Audit function. Specific activities include, but are not limited to the following:

- ✓ Received and discussed periodic updates on Internal Audit activities, status of audit plans/projects, summary of operational/staffing changes and its impact on operations, status of External Quality Assessment Review recommendations, five-year budget planning documents, etc.
- ✓ Discussed several options and made a recommendation regarding the extension and composition of the Audit Committee.
- ✓ Approved an extension of the CY2015-16 Audit Plan based on periodic updates.
- ✓ Approved the CY2017-18 Streamlined Risk Assessment Approach and Proposed Timeline.
- ✓ Reviewed and provided input into the CY2017-18 streamlined risk assessment process.
- ✓ Approved the CY2017-18 Audit Plan.

Actions of the BOC are detailed on the next page.

AUDIT COMMITTEE ACTIVITIES, continued...

Board of Commissioners Actions

Based on the Committee recommendations, the BOC performed the following actions during CY2017:

- ✓ Authorized an amendment to the resolution establishing the Cobb County Audit Committee; extended the Audit Committee; expanded the composition to include one additional Elected Official; and appointed the District Commissioner on a rotating basis annually.
- ✓ Approved the appointment of Carla Jackson, Tax Commissioner, as an additional Elected Official to the Cobb County Audit Committee effective January 1, 2018.

The remainder of this page is left blank intentionally.

Performance Measures

Following is a list of outputs designed to measure the overall performance of the Internal Audit function in achieving our mission, and to highlight the value and return on investment provided by our services. Specific risks eliminated or mitigated as a result of Internal Audit Department services are highlighted in the 'Assurance Services' section beginning on Page 8.

Outcome Measures (captured from reports)

Outcome measures are an accounting of the impact of our audit results and recommended corrective actions quantified on an annual basis. No specific quantitative benefits were noted during CY2017, but the impact on qualitative benefits were deemed to be significant. Specific outcome measures from the respective referenced reports are as follows:

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

Qualitative Benefits

FINAL REPORT – Review of Selected Activities of the Friendship Club for the Calendar Year Ending December 31, 2015, Report Number 2017-001, January 20, 2017

- Reliability of Information: Actual - Recommendations, as implemented, will provide assurance on the completeness and accuracy of the Friendship Club activities and financial transactions. Total employee contributions and distributions for 2015 was \$105,935 and \$49,717, respectively.

FINAL REPORT: Survey – Assessment of the Business License Division System (BLD) Data Reliability for Cash Handling Practices, Report Number 2017-002, April 10, 2017

- Reliability of Information: Actual - Recommendations, as implemented, will provide assurance on the completeness, accuracy, validity, and integrity of the **data and transactions averaging approximately \$42 million annually** that are captured within the Accela software system. We found that the structure, functionality, and configuration of the Accela software system produced invalid, inaccurate, and/or unreliable information. The recommendations will also increase the reliability of financial and other reporting.
- Efficient Use of Resources: Potential - Recommendations, as implemented, will increase the efficiency of BLD operations and provide costs savings. We found instances where the elimination of manual processes and a timely reconciliation tool within the accounting and reporting phases of BLD's operations may reduce the number of staff hours required and result in indirect cost savings.

FINAL REPORT – Report Number 2017-002, continued...

- Revenue Protection: Actual - Recommendations, as implemented, will provide additional security over cash collections and employee capital.
- Increased Safeguard of Assets/Protection of Resources: Actual - Recommendations, as implemented, will provide increased controls over the **average annual collections of approximately \$42 million** within the BLD. We also made recommendations to improve the overall operational and physical safeguards.

FINAL REPORT – Survey of Operational Risks (Fleet Management), Report Number 2017-004, August 10, 2017

- Increased Safeguards of Assets/Protection of Resources: Actual – Recommendations, as implemented, will provide additional security over County assets including, but not limited to the County’s parts inventory, fueling sites, and 1793 County-owned vehicles.
- Reliability of Information: Actual – Recommendation, as implemented, will provide assurance on the completeness and accuracy of information presented to management. We found computation errors in an analysis used to make a critical business decision for the County. Validating internal documents on a consistent basis will eliminate or mitigate this weakness and associated error.

Recommendations

We issued 3 new written assurance projects for a total of 33 recommendations in CY2017. We also completed and issued 4 follow-up projects and our department’s annual report. Since we started tracking recommendations in 2009, the auditees have agreed or proposed acceptable alternative solutions, with 98%² (438 of 447) of our recommendations. The chart shows the status of the 438 recommendations, as of December 31, 2017.

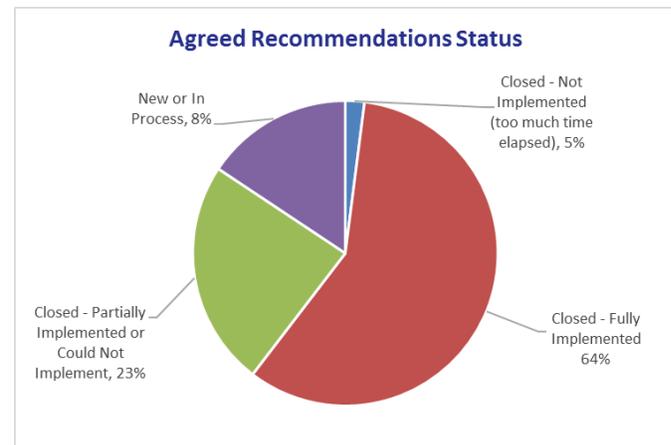


Chart 1 - Source: Internal Audit Department Recommendations Database

² Per 2016 Association of Local Government Auditors (ALGA) Benchmarking Survey (published October 2016), this percentage is 92% for audit organizations.

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 83%³ out of 100. To the right is a listing of the overall ratings for the survey questions.

Ratings Legend:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neither Agree or Disagree
- 4 = Agree
- 5 = Strongly Agree

Questions	Rating
(1) The audit objectives were clearly communicated to me.	4.5
(2) The auditor or audit team conducted themselves in a professional and courteous manner.	4.5
(3) The auditor or audit team maintained an adequate level of communication throughout the audit.	4
(4) The draft report was adequately discussed and any problems resolved before the report was formally issued.	4
(5) The audit report clearly presented the results of the audit.	4
(6) Recommendations in the audit report were practical and reasonable.	4
(7) Overall, the audit added value to my business unit and helped to improve our operations.	4
Average of Ratings	4.14

Table 1 – Source: Internal Audit Department, Customer Survey Database

Time Allocation



Sixty percent⁴ 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, monthly County Manager status meetings, monthly manager meetings, and other countywide meetings, including periodic attendance at Board of Commissioners' meetings.

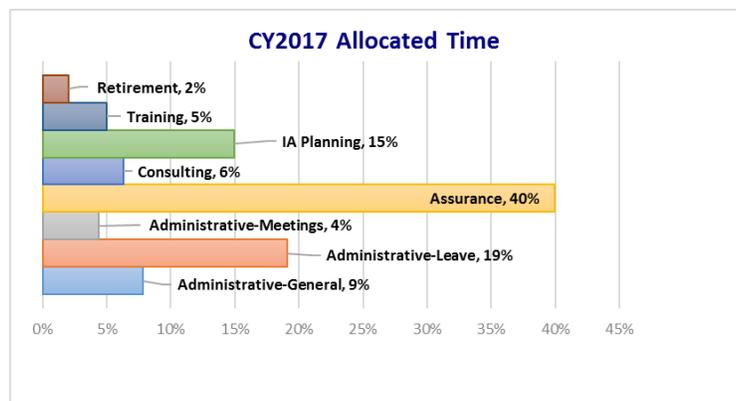


Chart 2 – Source: Internal Audit Department, Time Reporting (rounded)

Thirteen 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. Chart 2, above, shows the time allocation for the Department Director, 2 Internal Auditors, and the Administrative Coordinator direct support (excluding administrative and planning time).

³ Per 2016 ALGA Benchmarking Survey (published October 2016), the average reported satisfaction survey percentage is 85%.

⁴ Per 2016 ALGA Benchmarking Survey (published October 2016), the percentage is 75% for an audit function with three to five auditors. Our CY2017 direct time to core functions was impacted by staff turnover, onboarding/training, and staff development, etc.

Other Noteworthy Activities

- ✓ Continued to maintain conformance with the Institute of Internal Auditors (IIA) *Standards for the Professional Practice of Internal Auditing*
- ✓ Completed the calendar year 2017-18 Countywide Risk Assessment (streamlined), resulting in the CY2017-18 Audit Plan
- ✓ Completed the implementation of our new Audit Software/Automation Tool
- ✓ Completed Office Suite updates/changes *(in coordination with Property Management and Information Services)*
- ✓ Completed the re-configuration of the citizen suggestion database *(in collaboration with Information Services)*
- ✓ Participated in the development and facilitation of the IIA Atlanta Chapter's inaugural Government & Public Sector Auditor Conference

Assurance Services

ASSURANCE SERVICES (AUDITS/REVIEWS)

Assurance services are objective assessments of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters. These services 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 CY2017. See <http://cobbcounty.org/audit/> for full copies of each report.

FINAL REPORT – Review of Selected Activities of the Friendship Club for the Calendar Year Ending December 31, 2015, Report Number 2017-001, January 20, 2017

Objective: The overall objective was to determine if funds of the Cobb County Employees' Friendship Club (the Club) had been properly accounted for and disbursements were properly documented and in accordance with the established by-laws. In addition, we determined if procedural or policy changes were made in accordance with the established by-laws and if prior year recommendations had been implemented.

Executive Summary: Our review determined disbursements were generally made in accordance with the mission of the Club and that the Center for Family Resources (CFR) administered the Employee Emergency Fund (EEF) in accordance with the established guidelines; however, the prior years' audit recommendations to document operational procedures and to properly account for and maintain financial records were not implemented. As a result, financial records were not maintained properly, account reconciliations were not performed, CFR invoices were not paid in a timely manner, bank account contact information was not updated timely, proper segregation of duties practices had not been deployed, and the Club's Board of Trustees' (Board) approval was not documented for EEF exceptions. In addition, our current review determined that meetings were not held on a consistent basis to document the discussions and decisions of the Club's Board.

Subsequent to the issuance of the draft report, the 2016 Club President resigned. We were also made aware that members with expired terms were asked to extend their service term until the Club could address its leadership and other board member vacancies. The Club's Secretary initiated the nomination process for board members, which was followed by a formal election by the Club membership.

FINAL REPORT – Review of Selected Activities of the Friendship Club for the Calendar Year Ending December 31, 2015, Report Number 2017-001, January 20, 2017, continued...

Recommendations: We recommended that the Club’s Officers should ensure prior years’ audit recommendations are fully implemented, all banking transaction supporting documentation is downloaded and maintained, and meetings are held in compliance with the established by-laws.

Impact: The Friendship Club was formed as a cost-saving measure to provide charitable giving for the employees of Cobb County without the annual charity campaigns that were costly in terms of employee-hours required. This year’s assessment of the controls over the Club’s finances provides assurance to employees that their contributions are handled responsibly and make an impact in the lives of fellow employees and families in the community.

FINAL REPORT: Survey – Assessment of the Business License Division System Data Reliability for Cash Handling Practices, Report Number 2017-002, April 10, 2017

Objective: The overall objective was to assess the reliability of the Accela software system data as used for cash handling practices within the Business License Division (BLD) of the Community Development Agency (CDA). This survey was a supplemental consulting project to an audit of the controls over cash handling practices within the Business License Division of the Community Development Agency.

Executive Summary: The preliminary survey phase of our audit project resulted in our inability to obtain a sufficient level of assurance on the system data and reports to conduct our audit. In addition, we were unable to obtain the assurance needed regarding the completeness and accuracy of cash collections. As such, the audit project was concluded during preliminary survey work and this supplemental consulting survey project was initiated.

We found that cash handling transactions were captured within the Accela software system, but the current system structure, functionality, use, and reporting resulted in significant internal control weaknesses. We performed a manually intensive reconciliation project for the period July 2015 through June 2016, to validate BLD management’s assertions concerning the system functionality and to assess the software system reliability for cash handling transactions. With the assistance of BLD staff, we resolved several differences between internal reports but were unable to validate a difference of \$144,953 between system reports and the amount deposited and reported in the County’s financial system.

Due to the significant weaknesses identified and potential risks, we issued an interim verbal report to the CDA Director and BLD Manager. Our interim verbal report included several recommendations including the critical need for a designated Operations function to address the numerous weaknesses identified. A Business Manager position was created, subsequently filled in late February 2017, and was used to assist with the overall administration of the CDA, beginning with the corrective actions needed within BLD.

We also identified several control weaknesses regarding the internal control structure, control activities, and additional operational and physical safeguards that need to be addressed. The results included in this report were based on preliminary audit and consulting survey work only and did not constitute a complete audit.

FINAL REPORT: Survey – Assessment of the Business License Division System Data Reliability for Cash Handling Practices, Report Number 2017-002, April 10, 2017, continued...

Recommendations: We made 15 recommendations to address the current structure and functionality of the software system, the internal control structure and control activities, as well as operational and physical safeguards. For specific recommendations, see Pages 9-12 and 16-20 of the original report.

Impact: The recommendations will improve the reliability of software system data as used for cash handling practices and overall controls over the approximately \$42 million average⁵ annual BLD collections. The findings will also provide additional assurances to County leadership and stakeholders that BLD collections are properly captured in the software system, with adequate controls to ensure the complete and accurate accounting, reporting, and monitoring.

FINAL REPORT – Survey of Operational Risks (Fleet Management), Report Number 2017-004, August 10, 2017

Objective: The overall objective was to evaluate the current controls and corrective actions by Fleet Management to ensure adequate controls over parts inventory; acquisition replacement, maintenance, and disposition of Cobb County (County) owned vehicles; and assess the adequacy of the cost analysis of the County's use of leased versus purchased vehicles.

Executive Summary: We found that departmental controls and corrective actions exist to partially mitigate the operational risks identified. Outsourcing the parts inventory will significantly mitigate risks, but additional oversight, monitoring, and security controls were needed. Established procedures, multiple-department coordination, internal control activities, and periodic external compliance reviews were in place to mitigate risks within phases of the acquisition, replacement, maintenance, and disposition of Cobb County (County) owned vehicles. We were unable to assess the adequacy of the cost analysis of the County's use of leased versus purchased vehicles, but we were able to review external sources to support the results. In addition, we identified several areas where existing controls can be improved and additional controls were needed to gain more efficiency and further mitigate or fully eliminate the risks identified.

Recommendations: We made several recommendations to the Fleet Director to improve Fleet's operations and ensure the major operational risks identified are mitigated or eliminated. We also made recommendations to the Purchasing Director to strengthen the controls over the disposition process. For specific recommendations, see Pages 4-13 of the original report.

Impact: The Fleet Management Department provides maintenance, repair, fueling, replacement acquisition and disposition services for assigned County vehicles and equipment. The recommendations coupled with Fleet Management's current controls and corrective actions will mitigate or eliminate the major operational risks identified. County leadership, citizens, and stakeholders can be assured that strengthened controls will improve Fleet's overall operations.

⁵ Based on the five-year average for the period FY2012 through FY2016. See Table 1 on Page 2 of the original report.

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 follow-up audits conducted this year. See <http://cobbcounty.org/audit/> for full copies of each report.

Audit Report Number	Audit Report Date	Audit Report Name	Recommendations		
			Open (as of 12/31/2016)	Resolved (during 2017)	Remaining (as of 12/31/2017)
2017-003	4/28/2017	Second and Final Follow-Up Report: Letter Report - OnBase Security Investigation	1	1	0
2017-005	9/21/2017	Second and Final Follow-Up Report: Review of the Controls over Revenue Processed Through the Cobb County Government Centers	7	1	6 ⁶
2017-006	11/16/2017	Second and Final Follow-Up Report: Survey - Security Controls over the Transportation of Cash and Negotiable Instruments	5	0	5 ⁶
2017-007	11/28/2017	First and Final Follow-Up Report: Review of Department Controls over Accountable Equipment	22	16	6 ⁶

Projects in Process (as of 12/31/2017)

The following projects were initiated⁷ in CY2017, and the reports will be issued in 2018. Details will be included in the calendar year 2018 Annual Report.

Survey of Operational Risks (Information Services Department)

Objective: The overall objective of this survey is to evaluate the current controls and corrective actions by Information Services to ensure the completeness and accuracy of software license management; sufficiency and controls over network circuitry, hardware, and software; countywide security controls; current applicability of the IS strategic plan; and controls over the record retention process. *[Report Pending]*

⁶ Although not fully implemented, no additional follow-up will be performed on these items due to the length of time outstanding or other issues with implementation. Specific details for each of the follow-up reports referenced are located at the Internal Audit Department webpage: <http://cobbcounty.org/audit/>.

⁷ Some projects were deferred due to other departmental priorities, projects, staff turnover, onboarding/training of new staff, and staff developments.

Review of Selected Activities of the Friendship Club for Calendar Year Ending December 31, 2016

Objective: The overall objective of this review was to determine if funds of the Cobb County Employees' Friendship Club (the Club) had been properly accounted for and disbursements were properly documented and in accordance with the established by-laws. In addition, we determined if procedural or policy changes were made in accordance with the established by-laws and if prior year recommendations had been implemented. *[See Report Number 2018-001 issued January 19, 2018]*

Review of County Internally Administered Grants

Objective: The overall objective of this review was to evaluate if the controls over the Cobb County's (the County) internally administered grants were adequate and operating effectively for acquisition, monitoring, and reporting. *[Report pending]*

Audit of the Controls over the Request for Proposals Involving On-site Vendors

Objective: The overall objective of this audit was to evaluate the controls over the preparation, facilitation/evaluation, and award of Requests for Proposals (RFP) involving selected on-site contractors to ensure compliance with Cobb County's (the County) Policy for Procurement of Professional Services (Policy). *[Report pending]*

Citizen Cost-Savings/Suggestions

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 CY2017, we received 15 suggestions. DOT work order/traffic requests account for 40% of the suggestions. Each suggestion was promptly evaluated by the appropriate agency/department. A formal response was provided to each citizen who included their contact information. Although none resulted in quantifiable savings, each was deemed a valuable suggestion.



Consulting Services

Consulting services are advisory in nature without assuming management responsibility. Consulting services may require participation on committees or panels, the facilitation of studies or reviews, and/or the performance of analyses. These services are generally performed at the specific request of the Board of Commissioners, County Manager, Agency, Department, or Elected Official's office. This process is less formal than assurance services and reports are generally not issued, but may in some instances. See details of consulting services on the next page.

Consulting Services, continued...

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*)
- Countywide Contract Management Initiative (*Countywide*)
- Interview Committee – Assistant Comptroller (*Finance*)
- Silver Eagle Award Nominations (*County Manager*)



General Guidance and Consultation

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



- Business License Division (*Community Development*)
- Citizens Cost Savings Program (*Countywide*)
- Accountable Equipment Consulting (*Various departments*)
- Juvenile Court Operational Risks (*Juvenile Court*)
- Purchasing Card (P-Card) (*Finance/Purchasing/Countywide*)
- Validation of the County's Master Real Property Listing (*Countywide*)
- General Consulting/Discussions (*Various departments*)

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 CY2017, we completed **131** Regular/Vested Term/Survivor Benefit Calculations.



CY2017-18 Streamlined Risk Assessment

Our CY2017-18 streamlined risk assessment⁸ was used to systematically establish audit priorities based on County functions, programs, activities, and initiatives with the most significant financial, managerial, operational and/or compliance risks identified.

Due to limited Internal Audit resources, a streamlined risk assessment approach was deployed. The streamlined risk assessment criteria included, but was not limited to, Board of Commissioners' (BOC) strategic commitment areas; Citizens Oversight Committee priority ratings and improvement matrix; input from BOC members, Audit Committee, and County leadership; Internal Audit experience and prior audit work; analysis of emerging risks from industry/professional organizations; analysis of County revenues and expenditures; and an assessment of postponed, eliminated, or deferred projects. See Table 2 to the right for a complete list of streamlined risk assessment criteria.

Potential audit projects consistent with established priorities were then discussed with the Audit Committee, selected, and allocated based on Internal Audit's staff resources. Broad audit objectives are included in the department's audit plan. Specific audit objectives are determined after the Internal Audit staff complete their required preliminary survey process for each project.

CY2017-18 STREAMLINED RISK ASSESSMENT CRITERIA

- Citizen Oversight Committee Priority Matrix
- BOC Strategic Commitment Areas
- Current or Emerging risk discussions with the following:
 - Board of Commissioners
 - Audit Committee Members
 - County Manager
 - Finance Director/Comptroller
 - Agency Directors
 - Internal Audit Team
- Emerging risks from industry/professional organizations
- Five-year analysis/trends in revenues
- Five-year analysis/trends in expenditures by object codes
- Recurring/annual projects
- Postponed projects from the CY2015-16 Risk Assessment/Audit Plan (*due to resources*)
- Eliminated projects from the CY2015-16 Risk Assessment/Audit Plan (*due to resources*)
- Special projects/requests
- Analysis of Available Hours (*Internal Audit staff*)

Table 2 – Source: Internal Audit CY2017-18 Streamlined Risk Assessment

Due to the subjectivity in the risk factors and the changing risks and priorities of County government, risks are continuously evaluated based on their impact on BOC goals and objectives. The Audit Plan may be modified to accommodate these changes and other special requests; however, the Audit Committee and County Manager are notified of significant additions, deletions, or other changes.

⁸ A risk assessment is a systematic process for assessing and integrating professional judgments about probable conditions or events that may warrant audit coverage.

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 development⁹."

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, 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 CY2017, all 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

During CY2017, our department experienced several changes. Below is a synopsis of the 2017 changes, background on the Part-Time (PT) Senior Auditor position, and current staffing.

- ✓ Onboarded a new Administrative team member.
- ✓ Initiated the hiring process for the replacement of an Internal Auditor II position.
- ✓ Initiated the hiring process of a reclassified Part-time Senior Auditor position.

⁹ Per 2016 ALGA Benchmarking Survey (published October 2016), 91% of audit organizations reported that their staff had met continuing professional education requirements.

Background on the PT Position

The Cobb County Citizens Oversight Committee originally recommended¹⁰ that the role and capabilities of the Internal Audit function be expanded by adding additional qualified staff. The Audit Committee subsequently recommended¹¹ additional staff resources to include a minimum of one new full-time audit position. Due to the current budget constraints, personnel requests had been held and/or postponed. To assist with the current operational burden, a PT position was approved to assist with supervisory workpaper review, staff training/development, and workflow progression. The PT position will also perform assurance and consulting services as needed.

Current Staffing

We continue to operate below other internal audit functions within the Metropolitan Atlanta area in professional full time equivalent (FTE) positions. See below for our current staffing as of the date of this report:

Latona Thomas, CPA, Director	(770) 528-2559	latona.thomas@cobbcounty.org
Andrea Clayton, Internal Auditor II	(770) 528-2558	andrea.clayton@cobbcounty.org
Shelly Norton, Administrative Coordinator ¹²	(770) 528-2556	shelly.norton@cobbcounty.org
Michelle Swaby, CPA (<i>inactive</i>), PT Senior Auditor ¹³	(770) 528-2642	michelle.swaby@cobbcounty.org
David Murry, Internal Auditor II ¹⁴	(770) 528-2557	david.murry@cobbcounty.org

Website: <http://cobbcounty.org/audit/>

Additional Acknowledgements

We would like to acknowledge the efforts and contributions of previous team members to the overall 2017 results reflected in this report.

Megan Pickens, Internal Auditor II

¹⁰ Citizens Oversight Committee Report, dated February 28, 2012.

¹¹ Audit Committee meeting minutes, date March 24, 2015.

¹² Shelly Norton joined our team in February 2017.

¹³ Michelle Swaby joined our team in January 2018.

¹⁴ David Murry joined our team in March 2018.

Appendix A



COBB COUNTY INTERNAL AUDIT

Latona Thomas, CPA

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 latona.thomas@cobbcounty.org

Director

CY2017 Internal Assessment of Conformance to the IIA Standards¹

ATTRIBUTE STANDARDS	DESCRIPTION	GC/PC/DNC
	GC: Generally Conforms PC: Partially Conforms DNC: Does Not Conform	
1000	Purpose, Authority, and Responsibility	GC
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	GC
1100	Independence and Objectivity	GC
1110	Organizational Independence	GC
1111	Direct Interaction with the Board	GC
1112	Chief Audit Executive Roles Beyond Internal Auditing	GC
1120	Individual Objectivity	GC
1130	Impairments to Independence or Objectivity	GC
1200	Proficiency and Due Professional Care	GC
1210	Proficiency	GC
1220	Due Professional Care	GC
1230	Continuing Professional Development	GC
1300	Quality Assurance and Improvement Program	GC
1310	Requirements of the Quality Assurance and Improvement Program	GC
1311	Internal Assessments	GC
1312	External Assessments	GC
1320	Reporting on the Quality Assurance and Improvement Program	GC
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	GC
1322	Disclosure of Nonconformance	N/A

¹ Based on our Description of the Quality Control System (QCS). The QCS is a detailed description of each attribute and performance standard requirement and our internal assessment of conformance to each. [See Attribute Standards 1310 and 1311.]

Equal Opportunity Employer

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PERFORMANCE STANDARDS	DESCRIPTION	GC/PC/DNC
	GC: Generally conforms PC: Partially Conforms DNC: Does Not Conform	
2000	Managing the Internal Audit Activity	GC
2010	Planning	GC
2020	Communication and Approval	GC
2030	Resource Management	GC
2040	Policies and Procedures	GC
2050	Coordination and Reliance	GC
2060	Reporting to Senior Management and the Board	GC
2070	External Service Provider and Organizational Responsibility for Internal Auditing	N/A
2100	Nature of Work	GC
2110	Governance	GC
2120	Risk Management	GC
2130	Control	GC
2200	Engagement Planning	GC
2201	Planning Considerations	GC
2210	Engagement Objectives	GC
2220	Engagement Scope	GC
2230	Engagement Resource Allocation	GC
2240	Engagement Work Program	GC
2300	Performing the Engagement	GC
2310	Identifying Information	GC
2320	Analysis and Evaluation	GC
2330	Documenting Information	GC
2340	Engagement Supervision	GC
2400	Communicating Results	GC
2410	Criteria for Communicating	GC
2420	Quality of Communications	GC
2421	Errors and Omissions	GC

PERFORMANCE STANDARDS	DESCRIPTION	GC/PC/DNC
	GC: Generally Conforms PC: Partially Conforms DNC: Does Not Conform	
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	GC
2431	Engagement Disclosure of Nonconformance	N/A
2440	Disseminating Results	GC
2450	Overall Opinions	GC
2500	Monitoring Progress	GC
2600	Communicating the Acceptance of Risks	GC

Overall Conformance

DESCRIPTION	GC/PC/DNC
GC: Generally Conforms PC: Partially Conforms DNC: Does Not Conform	
Internal Audit Department's Summary of Overall Conference	<u>GC</u>