

2018 ANNUAL REPORT

compliance
Internal Audit
risk
independent
add value
effective improve
efficient assurance
objective

July 11, 2019

Internal Audit Department



Cobb County...Expect the Best!

This report summarizes the activities of the Internal Audit Department for Calendar Year 2018.



Cobb County...Expect the Best!

2018 Annual Report
MESSAGE FROM THE DIRECTOR

DATE: July 11, 2019

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) 2018 performance measures and accomplishments. During CY2018, we issued a total of five written reports: three assurance, one consulting, and one follow-up. We also provided a variety of other consulting and business advisory services which are detailed throughout the report. The Audit Committee continued to provide oversight responsibilities of the Internal Audit function. For highlights from this year's Audit Committee activities, see Page 3. In addition, Appendix A includes our annual internal assessment of conformance to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (IIA Standards), where we assert that our activities continue to conform to the IIA Standards.

Despite continued challenges with staffing¹ sustainability, Internal Audit team members remained diligent, focused, and committed to providing quality assurance and consulting services to the County's stakeholders. In fact, we focused on key proficiency and competency areas to effectively carry out both individual and collective professional responsibilities.

As required by the IIA Standards, 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, Page 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 CY2018 included:

- Mike Boyce, Chairman, Board of Commissioners
- JoAnn Birrell, District 3 Commissioner
- Angie Davis, Clerk of State Court, *(Elected Official committee member)*
- Carla Jackson, Tax Commissioner, *(Elected Official committee member)*
- Brett McClung, CPA, *(Citizen committee member)*
- Laurie Dyke, CPA, CFE, CFC *(Citizen committee member)*

Effective January 2019, Lisa Cupid will serve as the District Commissioner representative for the 2019 calendar year.

Committee Oversight Responsibilities

During CY2018, 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 Department activities to include, but not limited to:
 - Status of audit plans and projects;
 - Summary of operational and staffing changes and their impact on operations;
 - Summary overview of all assurance and consulting projects completed;
 - Summary of key risks identified; and
 - Status of External Quality Assessment Review recommendations.
- ✓ Approved the extension of the CY2017-18 Audit Plan through June 2019.

Board of Commissioners Actions

No formal action was taken by the BOC during CY2018.

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 7.

Outcome Measures (captured from reports)

Outcome measures are an accounting or summary of the impact of our audit results and recommended corrective actions quantified on an annual basis. No specific quantitative benefits were noted during CY2018, but the impact on qualitative benefits were deemed to be significant. Qualitative benefits are harder to quantify; however, specific outcome measures from 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, 2016, Report Number 2018-001, January 19, 2018

- Reliability of Information: Actual – Recommendations, when implemented, will provide assurance of the completeness and accuracy of the Friendship Club activities and financial transactions. Total employee contributions and distributions for 2016 was \$107,406 and \$159,895, respectively. In addition, the check register was not maintained properly or in a timely manner, and the Friendship Club board meetings were not held on a consistent basis to reflect decisions made.

FINAL CONSULTING REPORT - Survey of Magistrate Court Accounting Division Cash Handling Practices, Report Number 2018-003, September 20, 2018

- Increased Safeguard of Assets/Protection of Resources: Actual – Recommendations, when implemented, will provide increased controls over the average annual collections of approximately \$5.1 million within the Magistrate Court Accounting Division.
- Revenue Protection: Actual – Recommendations, when implemented, will provide additional security over cash collections and employee capital. We analyzed the five-year annual collections² for the Magistrate Court Accounting Division and found the average to be approximately \$5.1 million. In addition, we identified weaknesses in the internal control environment, to include but not limited to segregation of duties, collection, processing, validation, monitoring, oversight, operational and physical safeguards.

² Source: Magistrate Court Accounting Division Reports. See 'Background' on Page 3, in the original report for further discussion.

FINAL CONSULTING REPORT - Survey of Magistrate Court Accounting Division Cash Handling Practices, Report Number 2018-003, continued...

- Efficient Use of Resources: Actual – Recommendations, when implemented, will increase the efficiency of Magistrate Court Accounting Division operations. We found instances where the elimination of manual processes within the collection, processing, bank reconciliation, and reporting phases of the Accounting Division’s operations will reduce the number of staff hours required and result in indirect cost savings.
- Reliability of Information: Actual – Recommendations, when implemented, will provide assurance of the completeness, accuracy, and reporting of Magistrate Court Accounting Division cash collections and other financial data captured within the Contexte software system. We found that the current configuration, functionality, and reporting of the Contexte software system produced incomplete information. Recommendations, when implemented, will correct these weaknesses and increase the reliability of financial and other reporting.

FINAL REPORT – Review of Cobb County’s Internally Administered Grants, Report Number 2018-004, October 8, 2018

- Reliability of Information: Actual – Recommendations, when implemented, will provide assurance of the completeness, accuracy, validity, and integrity of internally administered grant transactions and reports. We found that the County’s internal control framework for internally administered grants needed to be strengthened for more accountability, transparency, and compliance. We were also unable to substantiate the completeness and accuracy of the County’s internally administered grants as of December 31, 2016.
- Efficient Use of Resources: Actual – Recommendations, when implemented, will increase the efficiency of the County’s internally administered grants process. We found that changes to the County’s internal control framework for internally administered grants, to include a centralized oversight function and other changes will reduce the number of staff hours required and result in indirect cost savings.

FINAL REPORT – Audit of Controls over Request for Proposals Involving On-Site Vendors, Report Number 2018-005, November 16, 2018

- Reliability of Information: Actual – Recommendations, when implemented, will provide assurance of the fairness, transparency, compliance, and reporting of County procurement process. We found that the County’s internal control framework over Requests For Proposals (RFPs) needed to be revised, implemented, and/or reinforced. Specifically, missing critical documents impacts the County’s ability to provide assurance that its procurement process is fair and transparent.
- Protection of Resources: Actual – Recommendations, when implemented, will provide assurance that County procurement records are safeguarded from destruction or loss. We found weaknesses in the record retention requirements within the County’s internal control framework over RFPs. Specifically, we were unable to substantiate compliance with the County’s Purchasing Policy for the Procurement of Professional Services due to missing critical documents.

Recommendations

We issued 4 new written assurance and consulting projects for a total of 86 recommendations in CY2018. We also completed and issued 1 follow-up project report and our department’s annual report. Since we started tracking recommendations in 2009, the auditees have agreed or proposed acceptable alternative solutions, with 98%³ (524 of 533) of our recommendations. The chart shows the status of the 524 recommendations, as of December 31, 2018.

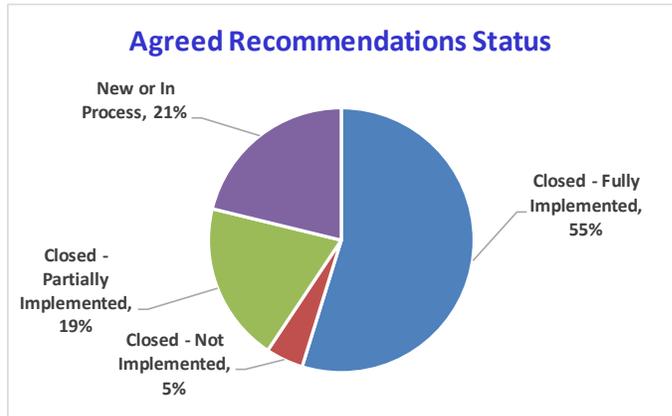


Chart 1 - Source: Internal Audit Department Recommendations Database

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. No client surveys were received in CY2018. The Internal Audit Department will work with future clients to ensure that a survey response is completed.

Time Allocation



Sixty-six percent⁴ (66%) 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 periodic internal status meetings, monthly County Manager status meetings, monthly managers’ meetings, and other countywide meetings, including periodic attendance at Board of Commissioners' meetings.

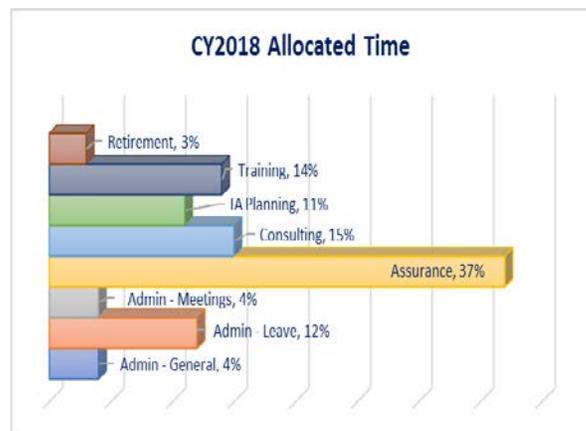


Chart 2 – Source: Internal Audit Department, Time Reporting (rounded)

Eight percent (8%) 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 Internal Audit Department Director, two Internal Auditor II positions, one Part-Time Senior Internal Auditor, and the Administrative Coordinator direct support on assurance and consulting projects.

³ Per 2018 Association of Local Government Auditors (ALGA) Benchmarking Survey (published November 2018), this percentage is 83% for audit organizations.

⁴ Per 2018 ALGA Benchmarking Survey (published November 2018), the percentage is 69% for an audit function with three to five auditors. Our CY2018 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) *International Standards for the Professional Practice of Internal Auditing*
- ✓ Participated in the development and facilitation of the 2nd Annual IIA Atlanta Chapter's 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 CY2018. See <https://cobbcounty.org/internal-audit> for full copies of each report.

FINAL REPORT – Review of Selected Activities of the Friendship Club for the Calendar Year Ending December 31, 2016, Report Number 2018-001, January 19, 2018

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 to established by-laws and if prior year recommendations had been implemented.

Executive Summary: Our review determined that the Club's transactions were accounted for in its check register. Except as indicated, disbursements were generally made in accordance with the mission of the Club; the Center for Family Resources (CFR) administered the Employee Emergency Fund (EEF) in accordance with established guidelines; and disbursements to charitable organizations were validated. In addition, prior years' audit recommendations were not fully implemented; meetings were not held on a consistent basis to document the discussions and decisions of the Club's Board of Trustees; and documentation to support Club transactions was not readily available. As such, we were unable to substantiate or validate select Club activities. Additional oversight/monitoring controls are discussed in the original report.

Recommendations: We recommended that the Club's Officers should continue its efforts to implement the corrective actions and ensure prior years' audit recommendations are fully implemented. We also recommended that the Club's Officers evaluate its requirements and options regarding an annual review and the applicability of its by-laws regarding oversight/monitoring controls and activities.

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 CONSULTING REPORT: Survey of Magistrate Court Accounting Division Cash Handling Practices, Report Number 2018-003, September 20, 2018

Objective: The overall objective of this review was to determine if the controls over the processing of cash receipts are adequate to provide reasonable assurance that all incoming cash is accounted for, complete and accurate, timely recorded and deposited, and accurately reported. We also included a determination of whether the controls were adequate to reduce the risk of or provide for the timely detection of theft.

Executive Summary: We found that an overall weak internal control environment did not include adequate control activities to eliminate, mitigate, or reduce the risks of theft, loss, and/or misappropriation of County assets within the Magistrate Court Accounting Division. We determined that the current control activities do not provide reasonable assurance that all incoming cash is accounted for, complete and accurate, timely recorded and deposited, accurately reported, or disbursed in compliance with the respective laws. We found significant weaknesses and/or the absence of critical control functions within the segregation of duties, validations, collections, processes, tracking, system and reporting functionality, operational and physical safeguards, supervisory approvals, bank reconciliations, and other oversight and monitoring activities.

Moreover, we believe the weaknesses identified created an environment where an alleged theft occurred and was not timely detected. As such, the overall governance and resource capacity of the Magistrate Court Accounting Division should be evaluated in conjunction with immediate corrective actions to strengthen the internal control environment.

Recommendations: We made 65 recommendations to address the weaknesses in the Accounting Division's internal control environment. Recommendations will address weaknesses in the collection and processing of cash transactions, system and reporting functionality, operational and physical safeguards, monitoring controls, and management oversight controls. For specific recommendations, see the 'Results of Consulting Services' section of the original report beginning on Page 5.

Impact: The recommendations, when implemented, will strengthen the overall internal control environment over cash handling activities within the Magistrate Court Accounting Division. The findings will also provide assurance that the controls over the approximately \$5.1 million average⁵ annual Accounting Division collections are properly accounted for, complete, accurate, timely recorded and deposited, accurately reported, and disbursed in compliance with the respective laws. In addition, Magistrate Court management, County leadership, and other stakeholders will have assurance that Magistrate Court has taken proactive steps to guard financial transactions against fraud, waste, and abuse.

⁵ Based on the five-year average for the period CY2013 through CY2017. See Tables 1 and 2 on Pages 3 and 4, respectively of the original report.

FINAL REPORT – Review of Cobb County’s Internally Administered Grants, Report Number 2018-004, October 8, 2018

Objective: The overall objective was to evaluate if the controls over the Cobb County (the County) internally administered grants were adequate and operating effectively for acquisition, monitoring, and reporting processes.

Executive Summary: We found that user agencies and departments had adequate control activities during the acquisition process that were consistent with the County’s practices and operating effectively, but inconsistencies existed in the operating effectiveness over monitoring and reporting. We also found that the County’s internal control framework for internally administered grants needed to be strengthened and/or improved. In addition, a centralized oversight and monitoring function is needed to oversee the County’s internal grant administration program.

Recommendations: We made ten recommendations to strengthen and improve the County’s internal control framework for internally administered grants.

Impact: The recommendations, if implemented, will strengthen countywide and departmental controls over internally administered grants. County leadership and citizens can be assured that the County’s internal grant administration process is transparent, effective, and efficiently managed.

FINAL REPORT – Audit of the Controls over the Request for Proposals Involving On-Site Vendors, Report Number 2018-005, November 16, 2018

Objective: The overall objective of this audit was to evaluate the controls over the preparation, facilitation/evaluation, and award of Request for Proposals (RFP) involving selected on-site vendors, and to assess compliance with Cobb County’s (the County) Purchasing Policy for Procurement of Professional Services (the Policy) as it relates to the identified projects⁶.

Executive Summary: We found that countywide controls exist and are adequate but were not followed or applied consistently, and the respective department controls over the preparation, facilitation/evaluation, and award varied among the three referenced RFP processes. PARKS’ control activities were deemed adequate; Water’s controls were deemed adequate overall with an exception; and DOT’s controls were deemed adequate in the preparation phase, but we were unable to conclude on the adequacy of controls in the facilitation/evaluation and award phases because evidence to substantiate the process and results was not available.

We also found that both PARKS and Water complied with the Policy, with an exception noted in Water’s RFP process relative to missing documents. For DOT, we were unable to conclude on whether they complied with the Policy because several critical documents were missing. In addition to the record retention issues, we noted that additional oversight/monitoring is needed, the Policy needs to be revised, and user training needs to be implemented to increase the effectiveness and provide additional assurance on the integrity of the County’s RFP process involving its on-site vendors.

⁶ Parks, Recreation and Cultural Affairs (PARKS), Department of Transportation (DOT), and the Water System (Water). See ‘Background’ on Page 1, in the original report for further discussion.

FINAL REPORT – Audit of the Controls over the Request for Proposals Involving On-Site Vendors, Report Number 2018-005, November 16, 2018, continued...

Recommendations: We made nine recommendations to address weaknesses in record retention compliance, oversight/monitoring controls, policy revisions, user department training, and coordination between departments regarding reporting.

Impact: The recommendations in the original report, if implemented, will strengthen countywide and departmental controls over RFPs involving on-site vendors by the County's departments. County leadership and citizens can be assured that the County's RFP involving process on-site vendors is fair, transparent, effective and efficiently managed.

FOLLOW-UP REPORTS COMPLETED

We perform periodic follow-ups 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 ⁷ (as of 12/31/2017)	Resolved (during 2018)	Remaining (as of 12/31/2018)
2018-002	4/10/2018	First Follow-Up Report: Survey- Assessment of Business License Division System Data Reliability for Cash Handling Practices	15	8	7

Projects in Process

(as of 12/31/2018)

The following projects were initiated⁸ in CY2018, and the reports will be issued in 2019. Details will be included in the calendar year 2019 Annual Report.

Review of the Effectiveness of the Year-End Encumbrances Process

Objective: To evaluate the effectiveness of the County's year-end encumbrances process. *[Draft report issued/pending receipt of auditee responses]*

⁷ These recommendations had not met the timeframe to conduct a follow-up status as of 12/31/2017, and thus was not included in the previous year's table.

⁸ Some projects were deferred due to other departmental priorities, projects, onboarding/training of new staff, and staff developments.

Review of the Effectiveness and Efficiency of the Vendor Registration System

Objective: To access the effectiveness and the efficiency of the Vendor Self Service (VSS) System. *[Report pending]*

Review of Department Compliance with the Accountable Equipment Policy

Objective: To evaluate department compliance with the Accountable Equipment Policy *[Preliminary survey planning completed/Fieldwork on hold pending completion of other priorities.]*

Audit of Third Party Administrator for the Workers' Compensation Plan

Objective: To determine if the Third-Party Administrator (TPA) of the Cobb County (the County) Workers' Compensation Plan is administering the plan designs as intended or mandated by Georgia State Law, in compliance with contract terms and conditions, and that County funds were expended properly and in a timely manner. Based on the results of preliminary survey procedures, we revised this project objective and judgmentally postponed the component of the objective designed to facilitate a co-sourced audit of the TPA services over Workers' Compensation claims. As such, the report reflects our review of whether adequate control activities exist to ensure that County funds were expended properly and in a timely manner. *[See Report See Report Number 2019-003, issued June 21, 2019]*

During our 'Review of the Control Activities over Funds Expended under the Workers' Compensation Plan' (Report Number 2019-003), we found a significant control weakness in the Cobb County (County) electronic funds transfer (EFT) payment process that resulted in payments to an unregistered vendor. Below is a description of the control weakness, the results, other identified risks, and recommendations to strengthen the control activity and eliminate or mitigate those risks. The supplemental letter report should be read in conjunction with the original report. *[See Report See Report Number 2019-004, issued June 21, 2019]*

Review of the Adequacy of the Advantage Financial Reporting Function

Objective: To evaluate the adequacy of Advantage Financial reporting function. *[Fieldwork phase in process]*

Review of the System Override Activities within the CGI Advantage Financial System

Objective: To ensure that adequate corrective actions were taken to eliminate or mitigate the risk of user access associated to override errors within the CGI Advantage Financial system. *[Draft report issued/pending receipt of auditee responses]*

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. Based on our reassessment regarding the applicability and practicality of recommendations with recent changes/improvements within the Information Services Department, we judgmentally deferred this project for consideration in the CY2019-20 streamlined risk assessment process.

Review of Compliance with Solid Waste Contract Provisions

Objective: To validate compliance with contract provisions of outsourced services. This project was initiated but subsequently held pending the workflow prioritization of other department projects. As such, this project has been deferred for consideration in the CY2019-20 streamlined risk assessment process.

Review of the Adequacy of Risk Management Monitoring and Reporting

Objective: To assess the adequacy of the Risk Management Division's monitoring and reporting of incidents, accidents and claims by departments. This project was initiated but subsequently held pending the workflow prioritization of other department projects. As such, this project has been deferred for consideration in the CY2019-20 streamlined risk assessment process.

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 CY2018, we received 10 suggestions. DOT work order/traffic requests account for 30% of the suggestions. Each suggestion was promptly evaluated by the appropriate agency/department and discussed with the County Manager. 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...***General Guidance and Consultation**

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



- Citizens Cost Savings Program (*Countywide*)
- Purchasing Card (P-Card) Implementation⁹ (*Finance/Purchasing/Countywide*)
- Record Retention (*Senior Services*)
- Survey of Magistrate Court Accounting Division Cash Handling Practices
- Cash Handling Controls (*Tax Commissioner's Office*)
- General Consulting/Discussions (*various departments*)

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 Validation Committee (*Human Resources/Finance*)
- Contract Management Initiative Committee (*Countywide*)
- Interview Committee (*Tax Commissioner's Office*)
- Silver Eagle Award Selection Committee (*County Manager*)
- Request for Proposals - Business License Division Software System (*Information Services/Community Development*)
- Cobb 101 Application Review Committee – (*Countywide*)
- Request for Proposals – Medical & Pharmacy Administrators (*Human Resources*)



Audit Alerts



Audit Alerts are usually one-page newsletter style publications presented to County agencies, departments, and elected officials office to be aware of a potential risk area that should be evaluated in their respective areas.

- Written Procedures, issued September 20, 2018

⁹ Internal Audit's involvement in the County's P-Card Implementation was limited to discussions and an initial review of the draft procedures.

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 CY2018, we completed **176** Regular/Vested Term/Survivor Benefit Calculations.



CY2017-18 Streamlined Risk Assessment

Our CY2017-18 streamlined risk assessment¹⁰ was completed in 2017 and continued for the two-year period indicated with periodic review and discussions with the Audit Committee. The CY2017-18 streamlined risk assessment 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. Below is a re-cap of the overall streamlined risk assessment process.

Due to limited Internal Audit resources, a streamlined risk assessment approach was deployed using various risk assessment criteria. See Table 1 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 Internal Audit 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 by object codes
- Five-year analysis/trends in expenditures by object codes
- Recurring/annual projects
- Postponed projects from the CY2016-17 Risk Assessment/Audit Plan (*due to resources*)
- Eliminated projects from the CY2016-17 Risk Assessment/Audit Plan (*due to resources*)
- Special projects/requests
- Analysis of Available Hours (*Internal Audit staff*)

Table 1 – Source: Internal Audit CY2017-18 Streamlined Risk Assessment

¹⁰ A risk assessment is a systematic process for assessing and integrating professional judgments about probable conditions or events that may warrant audit coverage.

CY2017-18 Streamlined Risk Assessment, continued...

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 and County operations. As such, 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.

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, 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 CY2018, all¹¹ 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).

¹¹ Per 2018 ALGA Benchmarking Survey (published November 2018), 99% of audit organizations reported that their staff had met continuing professional education requirements.

Staffing and Contact Information

During CY2018, our department experienced several staffing changes. Below is a synopsis of the 2018 changes and current staffing.

- ✓ Onboarded a new Part-time Senior Auditor position (*Reclassified position*)
- ✓ Onboarded an Internal Auditor II position (*Employee turnover in position*)

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
Michelle Swaby, CPA (<i>inactive</i>), PT Senior Auditor	(770) 528-2642	michelle.swaby@cobbcounty.org
David Murry, Internal Auditor II	(770) 528-2557	david.murry@cobbcounty.org
Misi Joseph, CFE ¹² , Internal Auditor II	(770) 528-2558	misi.joseph@cobbcounty.org
Shelly Norton, Administrative Coordinator	(770) 528-2556	shelly.norton@cobbcounty.org

Website: <https://cobbcounty.org/internal-audit>

Additional Acknowledgements

We would like to acknowledge the efforts and contributions of a previous team member to the overall 2018 results reflected in this report.

Andrea Clayton, Internal Auditor II

¹² Misi Joseph joined the Internal Audit team on May 6, 2019.

Appendix A



COBB COUNTY INTERNAL AUDIT

Latona Thomas, CPA

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Director

CY2018 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.]

PERFORMANCE STANDARDS	DESCRIPTION GC: Generally Conforms PC: Partially Conforms DNC: Does Not Conform	GC/PC/DNC
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

CY2018 Overall Conformance

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