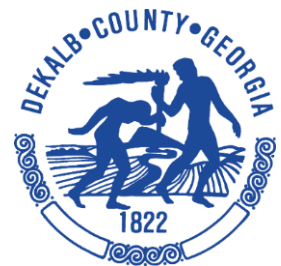


**DEKALB COUNTY GOVERNMENT**



John L. Greene, CIA, CIG, CGAP, CGFM  
Chief Audit Executive

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John Greene  
Chief Audit Executive

OFFICE OF INDEPENDENT INTERNAL AUDIT  
2018 ANNUAL REPORT

**CHIEF AUDIT EXECUTIVE SUMMARY**

I am pleased to submit the Annual Report of the Office of Independent Internal Audit (OIIA) for the period from January 1, 2018, to December 31, 2018, as required by the DeKalb County Internal Audit Code Section 10A(j)(6) to highlight the major work efforts and activities of the OIIA in 2018. Our team worked hard to meet our mission to provide an independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County. The value and services of the OIIA can never be fully reflected in the annual report.

The OIIA issued 10 audit reports with 35 findings and recommendations. We coordinated and monitored the external auditing services performed by Mauldin and Jenkins, LLC. The Office's internal quality control and assurance program is ongoing and includes continuous supervision and internal reviews of audit work to ensure accuracy and compliance with standards and internal policies and procedures.

We remain committed to our work to promote our vision to provide excellence in our products and services as we promote positive change throughout DeKalb County with an inspired team that strives for continuous improvement. Thank you for your continued support and cooperation.

Sincerely,

A handwritten signature in blue ink that reads 'John Greene'.

John Greene, CIA, CIG, CGAP, CGFM  
Chief Audit Executive

February 28, 2019

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## **INTRODUCTION**

The Office of Independent Internal Audit<sup>1</sup> was established in accordance with House Bill 599 (2015 Ga. Laws 3826), enacted by the Georgia General Assembly signed into Law on May 12, 2015<sup>2</sup>. The OIIA consists of the Chief Audit Executive (CAE) and those assistants, employees and personnel as deemed necessary by the CAE for the efficient and effective administration of the affairs of the office, and over whom the CAE will have the sole authority to appoint, employ and remove.

The OIIA is completely independent and is not subject to control or supervision by the Chief Executive Officer, the Commission, or any other official, employee, department, or agency of the County government. The position of the CAE is nonpartisan.

An Audit Oversight Committee (AOC) was established per House Bill 599 (2015 Ga. Laws 3826) incorporated into DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit. The AOC consist of five voting members. The committee:

- Ensures the independence of the OIIA.
- Selects no fewer than two or more three nominees for the position of CAE for approval by the DeKalb Board of Commissioners.
- Provides suggestions and comments for the annual audit plan.
- Proposes the internal audit budget and recommend the budget to the DeKalb County Board of Commissioners for approval.
- Receives communications from the CAE on the internal audit activity's performance relative to its plan and other matters.
- Provides general oversight and guidance.
- Consults with CAE on technical issues.
- Coordinates with contracted audit efforts and other consulting engagements.

## **DUTIES AND RESPONSIBILITIES**

The OIIA is responsible for conducting financial and performance audits of all departments, offices, boards, activities, agencies and programs of the County independently and objectively to determine whether:

- (1) Activities and programs being implemented have been authorized by 2015 Ga. Law 3826, other Georgia law, or applicable federal law or regulations and are being conducted and funds expended in compliance with applicable laws.
- (2) The department, office, board, or agency is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, effectively, and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation.

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<sup>1</sup> Office of Independent Internal Audit referenced herein refers to the Office of Internal Audit as documented in House Bill 599 (2015 Ga. Laws 3826)

<sup>2</sup> Incorporated into *DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit*.

- (3) The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices.
- (4) The desired results or benefits are being achieved.
- (5) Financial and other reports are being provided that disclose fairly, accurately, and fully all information required by law, to ascertain the nature and scope of programs and activities, and to establish a proper basis for evaluating the programs and activities including the collection of, accounting for, and depositing of, revenues and other resources.
- (6) Management has established adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls.
- (7) Indications of fraud, abuse or illegal acts are valid and need further investigation.

In addition, the OIIA:

- Coordinates and monitors auditing performed by certified public accounting firms or other organizations employed under contract by the governing authority to assist with audit related activities.
- Participates with the AOC in the selection of the external audit firm.
- Follows up on audit recommendations to monitor the status of corrective action.

### **AUDIT OVERSIGHT COMMITTEE**

The AOC consists of five (5) voting members. All members of the AOC shall be residents of DeKalb County, have expertise in performance auditing; and have a minimum of five (5) years' experience as a Certified Public Accountant, a Certified Internal Auditor, a Certified Performance Auditor, a Certified Management Accountant; or ten (10) years of other relevant professional experience. The AOC was made up of the following members as of December 31, 2018, as detailed below:

<b>Members</b>	<b>Appointing Authority</b>	<b>Term</b>	<b>End Date</b>
Gena Major, Chairperson	Chief Executive Officer, DeKalb County	3 Years	December 31, 2018
Harold Smith Jr., Vice Chairperson	Board of Commissioners, DeKalb County	4 Years	December 31, 2019
Harmel Codi	Chairman of the DeKalb Delegation to the State Senate	5 Years	December 31, 2020
Claire Cousins	Board of Commissioners, DeKalb County	5 Years	December 31, 2021
Adrienne McMillon	Chairman of the DeKalb Delegation to the State House	5 Years	December 31, 2022

## OFFICE OF INDEPENDENT INTERNAL AUDIT MISSION, VISIONS AND VALUES

### Mission Statement (why we exist and what we do)

Our purpose (why we exist) is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County.

Our promise (what we do) is to accomplish this through financial audits, performance audits, inquiries, investigations and reviews.

### Vision Statement (where we are going)

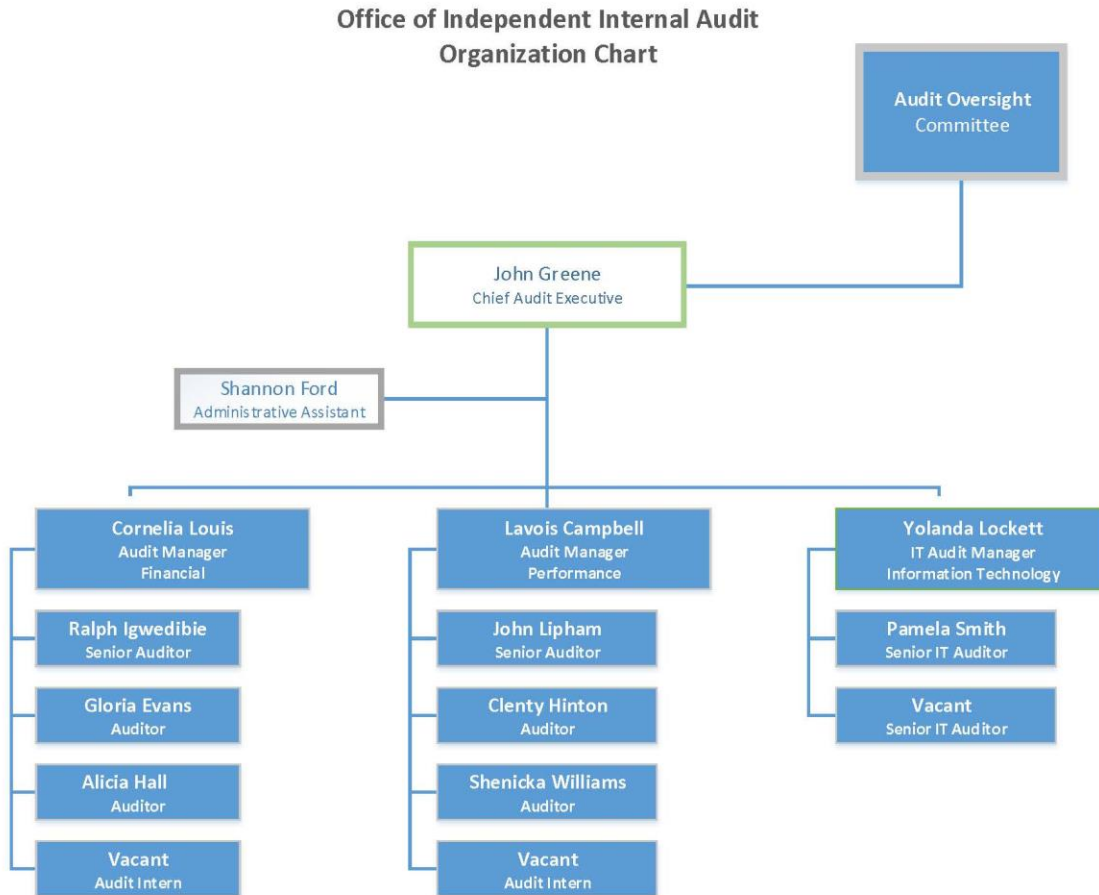
Excellence in our products and services as we promote positive change throughout DeKalb County with an inspired team that strives for continuous improvement.





**OFFICE OF INDEPENDENT INTERNAL AUDIT ORGANIZATION AND STAFF**

The CAE reports to the AOC as established by Georgia State Law via DeKalb County Code of Ordinances and the OIIA has unrestricted access to employees, information, and records including electronic data within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. The OIIA currently consists of 12 professional positions and one administrative assistant as detailed below:



**SUMMARY OF ACTIVITIES**

The following paragraphs contain summaries of the various activities completed in 2018. The material contained in this section of the report was extracted from reports issued by the OIIA and only discloses essential information.



## **AUDIT ACTIVITIES**

### **AUDIT OF DEKALB COUNTY PURCHASING POLICY- AUDIT REPORT NO. 2017-008-PC**

We examined the current purchasing policy and 2015 draft purchasing ordinance to determine whether they:

- Contained the key contracting processes and elements consistent with the principles of the National Institute of Governmental Purchasing (NIGP).
- Complied with the Official Code of Georgia Annotated (O.C.G.A.).

We benchmarked the policy with the Federal Acquisition Regulations (FAR) and other Federal laws (such as the Code of Federal Regulations and US Codes), the Georgia Procurement Manual (GPM), American Bar Association's (ABA) "Model Procurement Code for State and Local Governments" and procurement policies of other metro Atlanta counties throughout Georgia to identify better practices.

We found that the DeKalb County Purchasing Policy needs improvement to address key contracting processes and functions prescribed in the NIGP and to be consistent with the O.C.G.A. The County's purchasing policy does address several key areas that are consistent with the NIGP and guidance in the FAR, GPM, and other counties throughout Georgia such as ethics, source selection techniques (including sealed bids, sealed proposals, and informal purchases), prohibition of split purchases, cooperative purchases, surplus personal property disposition, restrictive specifications and debarment actions.

We recommended that the Chief Procurement Officer (CPO) – Purchasing and Contracting Department, in consultation with the Purchasing Advisory Committee (PAC) and the County Law Department should:

- Revise the current purchasing policy to address the opportunities identified in this report, other key elements of the NIGP and ensure full conformance with the O.C.G.A.
- Review the FAR, GPM, NIGP, purchasing policies of similar counties and other best practices to identify other opportunities to further enhance the purchasing policy. Proposed revisions should be submitted to the DeKalb County Board of Commissioners (BOC) for review and approval.
- Periodically review the purchasing policy to ensure the policy continues to effectively meet the needs of the County.

### **PURCHASING AND CONTRACTING AUDIT OF EMERGENCY PURCHASES- AUDIT REPORT NO. 2017-006-PC**

We examined Emergency Purchases (EP) executed from January 1, 2015, to March 31, 2017, to determine whether Purchasing and Contracting (P&C) department complied with the DeKalb County Purchasing Policy and Procedures and to identify opportunities to strengthen the effectiveness and efficiency of the EP procurement process.

P&C did not always comply with Emergency Purchase procedures, specifically:

- The user department improperly categorized 22 out of 28 (76%) of the EPs examined.
- The Board of Commissioners (BOC) did not approve 2 of 5 (40%) EPs exceeding \$100,000 sampled.
- The Chief Procurement Officer (CPO) and the Procurement Manager approved 96% and 100%, respectively, of the EP forms. However, few Procurement Agents approved the forms.

In addition, we identified the following control deficiencies within the EP procurement process:

- Lack of accurate reporting of Emergency Purchases.
- Lack of compensating controls when segregation of duties is inadequate.
- Ineffective procedures to communicate contract information prior to expiration.
- Inconsistent language between Purchasing Policy and Procedures manual.

We recommended the CPO should consider several opportunities to strengthen the EPs and procurement process as summarized below:

- P&C Policy and Procedures should emphasize that inadequate planning is not justification for utilization of EPs and provide illustrations of qualifying EPs.
- P&C Management should implement more effective controls to ensure all EPs over \$100,000 are ratified by BOC.
- P&C Management should ensure all Procurement Agents and Procurement Managers consistently initial and date Non-Competitive Purchase Request (NCPR) forms.
- P&C Management should develop and implement automated controls to track and report all EPs.
- P&C Management should implement compensating controls when segregation of duties is inadequate.
- P&C Management should implement an effective communication tool to inform County departments and/or agencies of upcoming expiring contracts.
- P&C Management should reconcile the language between the Purchasing Policy and the Procedures Manual to ensure that P&C activities are consistent.

**PURCHASING & CONTRACTING DEPARTMENT SOLE SOURCE PROCUREMENT  
PROCESS - AUDIT REPORT NO. 2017-005-PC**

We conducted a performance audit of the DeKalb County sole source procurement process to assess compliance with Purchasing and Contracting's sole source policy and procedures.

In addition, we benchmarked the County's sole source procurement processes to the Federal Acquisition Regulations (FAR), US Code of Federal Regulations, United States Government Accountability Office (GAO) Resources (Green Book/Blue Book) and the Georgia Procurement Manual to identify opportunities for strengthening the effectiveness and efficiency of the sole source procurement process.

We noted that Purchasing and Contracting (P&C) had established control activities for sole source procurement; such as policies and procedures, to mitigate risks that can occur in the

administration of sole source procurement process. However, we observed instances of noncompliance regarding the policy and procedures, as summarized below:

- Insufficient maintenance of supporting documentation for sole source procurement.
- Incomplete sole source vendor request applications.
- Inadequate or missing evidence to validate the status of the requested vendor as a sole source vendor.
- Insufficient evidence of proper approval of sole source requests.
- Inadequate evidence of Board approval on sole source requests over \$100,000 and subsequent change orders.

We recommended the Purchasing Director/Chief Procurement Officer consider:

- Implementation of controls to ensure required documentation, such as NCPR (Non-Competitive Procurement Request) forms, supporting documentation, etc., are consistently available in the sole source vendor files.
- Disapprove incomplete sole source requests to ensure established controls are operating properly.
- Provide countywide training for all parties responsible for completing the NCPR form to ensure effective and efficient processing/maintenance of the sole source vendor request.
- Communicate formal notification to User Departments and vendors regarding the County's requirement of sole source vendor declaration letter.
- Revise the NCPR form to include 'print name' lines to clearly identify preparer/approvers on sole source requests.
- Implement a standard form to document evaluation/verification research performed by P&C staff to validate the sole source vendor's status.
- Require direct evidence of the Board of Commissioners' (BOC) approval, such as BOC meeting minutes, on sole source awards over \$100,000 and applicable change orders.

**PURCHASING AND CONTRACTING INFORMAL AND FORMAL PROCUREMENTS AUDIT -  
REPORT NO. 2017-007-PC**

We conducted a performance audit of the County's Informal and Formal Procurement Competitive Process. We reviewed contracts and purchase orders to determine compliance with the DeKalb County Purchasing Policy and Procedures Manual as it relates to the competitive process. We performed data analytics to obtain samples from purchase orders with procurement thresholds of \$5,001-\$25,000 (Informal Written Quotes) and \$25,001-\$50,000 (Request for Quotes). We examined a sample of 60 purchases orders for the period of January 1, 2014, to March 31, 2017. In addition, we examined a sample of 10 contracts to determine whether the proper approvals were obtained when the contracts were awarded or if the renewal options were exercised.

We determined that neither the user departments nor Purchasing and Contracting (P&C) fully complied with the DeKalb County's Purchasing Policy and Procedures in relation to informal purchases. In some instances, the user departments did not obtain the required quotes as outlined in the Procedures Manual. Moreover, when P&C procured the items required, quotes

were not obtained. Of the 60 purchase orders sampled, we found 42 (70%) did not have the required quotes (13 of 25 were Informal Written Quotes and 29 of 35 were Request for Quotes).

We found the language was not consistent between the Purchasing Policy and the Procedures Manual regarding the Informal Written Quote process. In addition, there was one instance where the exemption policy was misapplied for mailing and postage service; the vendor continued to provide services beyond the contract agreement period. The total amount spent beyond the agreement period was approximately \$3,370,377.

We recommended that a detailed review of the quotes should be completed before purchase orders are created. A written explanation of missing quotes should be attached in Oracle. Furthermore, P&C should reconcile the language between the Purchasing Policy and the Procedures Manual to ensure that P&C activities are consistent.

**PURCHASING AND CONTRACTING AUDIT OF LOW BID PROCUREMENT PROCESS -  
AUDIT REPORT NO. 2017-004-PC**

We conducted a performance audit of DeKalb County's Invitation to Bid (ITB) / formal "Low Bid" procurement process for goods and/or services with an estimated value of at least \$50,000. We examined a sample of 22 ITB files, totalling \$216 million in value, to assess compliance with the DeKalb County Purchasing Policy and applicable revision of Standard Operating Procedures (SOPs). Sampled ITBs reviewed, were either started or completed within the period from January 2015 to March 2017.

We reviewed the Federal Acquisition Regulations (FAR) and other Federal laws (the Code of Federal Regulations and US Codes), the Georgia Procurement Manual (GPM) and best practices from the National Institute of Governmental Procurement (NIGP) to identify opportunities to improve the effectiveness and efficiency of the Low Bid procurement process.

We found that Purchasing and Contracting Department (P&C) has policies and procedures in place for the ITB process including procedures for solicitation development, advertising, bid submission, bid evaluation and award, and required approval thresholds.

We requested and were not provided with evidence to verify the completion of key required ITB activities for the sampled ITB files, such as the:

- Request for goods and services by User Department (UD) (memorandum or requisition).
- Pre-solicitation meeting and certification or approval of bid solicitations by the UD.
- Advertisement of bid solicitations in the Champion Newspaper (County Legal Organ).
- Evaluation of bids for responsiveness and responsibility.
- Approval of agenda item(s), ITB greater than \$100,000 by Board of Commissioners (BOC).
- Issuance of Notice to Proceed (NTP).

The user department's role and responsibility in the evaluation of vendor responsiveness and responsibility was not clearly understood by the selected UD's. In addition, the County

Purchasing Policy does not state the UD's role or responsibilities in the procurement process<sup>3</sup> as it relates to the ITB process.

We recommend that the Chief Procurement Officer (CPO) of the P&C department should ensure:

1) Appropriate ITB related documentation is generated/obtained and maintained to help demonstrate that all key activities of the ITB procurement process were performed and compliant with stated policies and procedures; support contract close out processes, record retention requirements, open records requests and facilitate the resolution of potential bid protests. Examples of improvement strategies include but are not limited to the following:

- a) Incorporate a tracking mechanism/notation to indicate the temporary location of any relevant contract data not currently in the contract file and the name of the team/person in custody of the document.
- b) Ensure sufficient documentation is maintained to demonstrate the evaluation of responsiveness and responsibility of bidders. This should include a summary of steps taken, all supporting documentation, a conclusion and justification for deeming a bidder non-responsive and/or not responsible. The documentation should clearly indicate the names/signatures of P&C and UD personnel that performed and approved the evaluation. Also, where the deemed responsibility and responsiveness of bidders and recommended vendor for selection by P&C is different from that of the UD, a justification should be provided with appropriate support.
- c) Ensure that sufficient evidence is maintained to demonstrate participation and collaboration with all key stakeholders/parties (e.g. Legal, Finance) and evidence of appropriate review and approval of ITBs by P&C and UD prior to advertisement. Examples of evidence of approval include but is not limited to physical signature, electronic signatures or e-mail communication(s).

2) Ensure the evaluation of vendor responsibility includes a check of the vendor's financial status/credit worthiness. In addition, consideration can be given to requiring proof of tax compliance status, etc.

3) P&C should update current Purchasing Policy and March 2017 Procedures Manual to ensure it reflects practiced exceptions to documented policy and procedures. P&C should first review current undocumented exemptions to determine if consistent with established better practices.

4) Ensure that NTPs are issued for all contracts, agreements and purchase orders as per the County Purchasing Policy and Purchasing Procedures Manual. Consider modifying the existing purchasing policy to allow for an exception where the contract specifies a specific service performance start and end date.

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<sup>3</sup> Clarification of roles and responsibilities of procurement stakeholders was also identified as an area needing improvement in our previous audit report# 2017-008-PC on the DeKalb County Purchasing Policy.

**DEPARTMENT OF FACILITIES MANAGEMENT AUDIT OF ANIMAL SHELTER POST  
CONTRACT COMPLETION - AUDIT REPORT NO. 2017-018-FM**

We conducted a performance audit of the Animal Shelter Post Contract Completion. We examined the completed DeKalb County Animal Services facility to determine whether it was consistent with the design and construction contract specifications, completed in a timely manner and within contract cost.

We benchmarked the actual facility dimensions to the contract specifications and drawings, compared actual construction time to the scheduled completion timeframes, analyzed the actual construction cost to the awarded construction amounts and examined the County's contract files.

We found that the DeKalb County Animal Services facility was completed:

- Consistent with the contract specifications and drawings.
- Within construction contract cost.

In addition, we found that the County needs to improve its post contract award processes. Specifically, our examination determined:

- The County did not issue a Notice to Proceed (NTP) Letter as required by the:
  - Purchasing and Contracting Department's Standard Operating Procedures (SOP) dated March 2015.
  - Contract Award Letter.
  - Provisions of Contract Number 1002707.
- We were unable to adequately make an assessment to the timeliness of the completed facility, since the NTP Letter, which designates the official start date, was not issued.
- The Certificate of Substantial Completion was not available in the County contract files. A copy was obtained by OIIA from the Architectural and Engineering (A&E) firm hired to certify inspection.

We recommend that the Purchasing and Contracting Department should ensure the preparation and issuance of an NTP Letter prior to the commencement of contract work to properly document the start date and the Facilities Management Department should ensure the final inspection report is maintained in the contract files.

**RECREATION, PARKS & CULTURAL AFFAIRS AUDIT OF CASH HANDLING  
PROCEDURES- AUDIT REPORT NO. 2017- 011- RPCA**

We conducted a performance audit of Recreation, Parks and Cultural Affairs (RPCA) cash handling procedures. We examined RPCA cash handling procedures from January 1, 2016, to August 31, 2017, to determine if:

- RPCA complied with existing cash handling procedures.
- Adequate controls exist over RPCA cash handling procedures.



We interviewed RPCA staff, performed surprise cash counts at a sample of DeKalb County aquatic facilities, examined supporting documentation and reviewed the RPCA Revenue Collection Policy dated January 2017 to identify opportunities to strengthen the effectiveness of RPCA cash handling procedures.

We found that Recreation, Parks and Cultural Affairs does have a written Revenue Collection Policy, which addresses some areas that are consistent with good controls over cash receipts. In addition, we found several major control deficiencies within the current RPCA revenue handling process. We determined there are:

- 1) Inadequate Records to Support all Revenue Collected.
- 2) Inadequate Security/Safeguarding of Cash.
- 3) Inadequate Records for Tracking Custody of Cash.
- 4) Untimely Deposit of Revenue.
- 5) Lack of Segregation of Duties.
- 6) Inadequate Management Oversight/Monitoring.

Our key recommendations to the Director of Recreation, Parks and Cultural Affairs includes but are not limited to the following:

- Ensure that staff records/logs all aquatic revenue immediately upon receipt. Revenue should be balanced daily by comparing the initial revenue records (journals and receipt) with the amount of cash/checks on hand at the end of the day.
- Create and require the use of a log for payments received by mail. The log should record the check amount, date of receipt, date of the check, check number, the reason for payment and the name of the individual who receives the check.
- Ensure that sealed cash deposit bags are never opened subject to policy exemptions. If cash deposit bags are to be opened, staff should obtain written prior approval from a superior with a documented justification for opening the cash deposit bag.
- Ensure all locations are equipped to securely store cash and that keys/locks are changed when staff with access transfers or is terminated. In addition, maintain an access log to record access to the room where safe/cash is stored.
- Update RPCA Revenue Collection Policy to outline the process for recording transfer of custody of revenue receipts to ensure that any changes are supported, reviewed and approved by someone other than the person transferring or receiving custody of revenue receipts.
- Ensure that revenue collected is deposited within 24 hours of receipt. Failure to deposit revenue in a timely manner increases the risk of fraudulent activities.
- Ensure there is adequate segregation of cash handling duties to prevent, detect and correct errors. When adequate segregation is not possible, compensating controls, such as supervisory review, should be implemented.
- Conduct regular spot audits of facilities as required by policy.
- Regularly request and review the financial records from vendors that the RPCA receives revenue (for example, Active Net, concessions, golf and tennis management companies, etc.), to verify that receipts are in accordance with vendor contract requirements. Reviewer should initial and date to notate management review. Any discrepancies should be documented and investigated.



- Analyze revenue per source to identify trend variations, detect potential fraud and facilitate management resource allocation decisions.

**FINANCE – UTILITY CUSTOMER OPERATIONS TEMPORARY PERSONNEL SERVICES  
CONTRACTS - AUDIT REPORT NO. 2017-013-UCO**

We conducted a performance audit of Finance-Utility Customer Operations Division (UCO) to determine whether the use of temporary personnel services was cost-effective in achieving the division's operational objectives of addressing their staffing needs. We examined the temporary personnel service contracts administered by Human Resources and Merit System Department (HRMS), to determine the vendor's compliance with the contract terms and HRMS' oversight of the contract. Additionally, we assessed whether UCO was compliant with HRMS' procedures for obtaining temporary personnel. We analyzed UCO's budget, other relative data and examined a sample of vendor invoices.

Our cost-benefit analysis identified that UCO's use of temporary personnel services provided short-term cost savings when compared to employing permanent staff. We found that UCO has high turnover rates among its temporary personnel with an average employment duration of approximately five months.

HRMS did not provide UCO with pertinent information regarding the vendor contract responsibilities. In addition, we identified instances of vendor non-compliance with the contract requirements such as incomplete supporting timesheets attached to the invoices and we found that the vendor did not provide monthly management reports to HRMS that were in accordance with contract requirements.

We recommend that UCO Management should:

- Increase the hourly rate to be competitive with the market, introduce morale programs, worker incentives, and/or mentoring program, provide coaching/feedback, lower stress from overworking and foster a work/life balance to reduce the low retention rate of temporary staff.
- Analyze the data to identify employee retention rates among the temporary personnel service vendors and work with the vendors to improve the recruitment of candidates.
- Ensure that information submitted by the vendor is complete and complies with the contract terms.

Additionally, HRMS should:

- Ensure that the vendor complies with the contract terms.
- Perform periodic reviews of temporary employee information/data acquired from the user departments and reconcile them with the data in the monthly management reports obtained from the vendor.
- Reinforce to the user departments the vendor obligations and requirements of the contract by providing a summary of the vendor requirements on the Request for Temporary Services form to further encourage internal compliance.

**WATERSHED MANAGEMENT-COLLECTION SERVICES TEMPORARY PERSONNEL SERVICES CONTRACT - AUDIT REPORT NO. 2017-013-WMCS**

We conducted a performance audit of Watershed Management–Collection Services (WM-CS) Unit, a component of the Operations Division, to determine whether the use of temporary personnel services was cost effective in achieving the unit’s operational objectives of addressing their staffing needs. We examined the temporary personnel service contracts administered by Human Resources and Merit System (HRMS) to determine the vendor’s compliance with the contract terms and HRMS’ oversight of the contract. Additionally, we assessed whether WMCS was compliant with HRMS’ procedures for obtaining temporary personnel. We analyzed the WM-CS budgets, other relative data and examined a sample of vendor invoices for the period January 1, 2016, to May 31, 2017.

Our cost benefit analysis identified that WM-CS’ use of temporary personnel services provided a short-term cost savings when compared to employing permanent staff. HRMS did not provide WM-CS with pertinent information regarding vendor contract responsibilities. In addition, we identified instances of vendor non-compliance with the contract requirements such as incomplete supporting timesheets attached to the invoices and we found the vendor did not provide monthly management reports to HRMS that were in accordance with contract requirements.

We recommend that WM-CS management should:

- Ensure that information submitted by the vendor is complete and complies with the contract terms.

Additionally, HRMS should:

- Ensure that the vendor complies with the contract terms.
- Perform periodic reviews of temporary employee information/data acquired from the user departments and reconcile them with the data in the monthly management reports obtained from the vendor.
- Reinforce to the user departments the vendor obligations and requirements of the contract by providing a summary of the vendor requirements on the Request for Temporary Services form to further encourage internal compliance.

**PUBLIC WORKS-SANITATION OTHER PROFESSIONAL SERVICES - AUDIT REPORT NO. 2017-012-SAN**

We conducted a performance audit of the Sanitation’s Other Professional Service (OPS) expenditures. We examined OPS transactions executed from January 1, 2015, to May 31, 2017, to determine whether items paid for by the Sanitation Division (Sanitation) were received, justified in accordance with standard business operation, and approved Sanitation related expenditures. In addition, we identified opportunities to strengthen the effectiveness and efficiency of the Sanitation’s procurement process.

We identified control deficiencies and instances of noncompliance with DeKalb County’s Purchasing Policy as summarized below:

- No written Standard Operating Procedures (SOP) existed to guide staff over the procurement process, which resulted in several inconsistencies when goods or services were procured.
- 28 out of 40, or 70 % of OPS purchase orders (PO) were created after the receipt of goods or services and invoices.
- Three (3) out of 40 OPS expenditures were between \$5,001 and \$25,000, which require three telephone quotes. All three OPS transactions had no evidence that the required telephone quotes were obtained.
- Inadequate segregation of duties existed within the procurement cycle.
- 33 out of 40, or 83% of OPS expenditures examined did not have sufficient documentation such as packing slips or other receiving and work completion documents, to verify that goods and services were received.
- 40 out of 40, or 100% of OPS expenditures were classified incorrectly.

We recommend that the Sanitation Management consider the following opportunities to strengthen the procurement process as summarized below:

- Develop and implement written SOP for procuring goods and services.
- Obtain required quotes when procuring goods or services as mentioned in the County's Purchasing Policy.
- Implement procedures to comply with the County's Purchasing Policy for creating requisitions.
- Develop and implement controls to segregate key duties so that no one employee creates the requisition and receives the goods or signs off on the services received.
- Implement compensating controls when segregating duties is not feasible.
- Develop and implement controls to ensure appropriate documentation is maintained for goods and services received.
- Obtain documentation on the Chart of Accounts' object code descriptions from the Finance Department to assist staff in coding transactions to the appropriate object codes.

Additionally, Chief Procurement Officer should:

- Develop and implement countywide general procurement procedures as a guide in establishing internal controls for the decentralization of procuring goods and services by user departments.
- Periodically, provide countywide refresher training on the requirements of the Purchasing Policy for County personnel involved in the process of procuring goods and services.

Finance Department and Office of Management and Budget (OMB) should work together to provide periodic countywide training to employees involved in the procurement process on how to assign expenditures to the appropriate object codes.

## **COORDINATION WITH EXTERNAL AUDITOR**

During 2018, the OIIA coordinated and monitored the external auditing services performed by Mauldin and Jenkins, LLC (M&J) under their contract. M&J provided an independent audit of the DeKalb County, Georgia financial statements and DeKalb County, Georgia Single Audit Reports for the year ended December 31, 2017.

**INTERNAL QUALITY CONTROL AND ASSURANCE PROGRAM**

Professional standards require an internal quality control and assurance program and monitoring procedures to assess compliance with professional standards and internal policies and procedures. The Office’s internal quality control and assurance program is ongoing and includes continuous supervision and internal reviews of audit work to ensure accuracy and compliance with standards and internal policies and procedures. During 2018, Office monitoring procedures, supervision, and internal reviews were assessed to be operating effectively.

**TRAINING, CERTIFICATIONS AND AFFILIATIONS**

Professional standards require the staff to be proficient, competent, and collectively possess and apply knowledge, skills and experience when performing audit work. Additionally, auditors are required to complete Continuing Professional Education (CPE) courses related to their primary responsibilities.

Our auditors adhere to the Government Auditing Standards by completing 80 CPE hours in two years, with 24 of those hours being related to government auditing.

Collectively, the staff has backgrounds and experiences in a variety of disciplines in the public and private sectors. These disciplines include accounting, auditing, program evaluation, computer science and management. Also, staff possesses professional certifications and some staff members have advanced degrees. Internal Procedure 5.03 – Continuous Development and CPE, has guidance to ensure that staff develops and maintain professional competence to perform critical job tasks effectively.

The staff demonstrates their expertise through affiliations and certifications in the following professional organizations:



Certifications	Count
Certified Inspector General (CIG)	1
Certified Public Accountant (CPA)	2
Certified Fraud Examiner (CFE)	1
Certified Internal Auditor (CIA)	4
Chartered Professional Accountant (CPA)	1
Certified Government Audit Professional (CGAP)	2
Certified Information Systems Auditor (CISA)	1
Certified Government Financial Manager (CGFM)	1
Chartered Global Management Accountant (CGMA)	1

## **DISTRIBUTION**

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Kathie Gannon, Board of Commissioners District 6

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