

2021 ANNUAL REPORT



May 19, 2022

Internal Audit Department



Cobb County...Expect the Best!

This report summarizes the activities of the Internal Audit Department for Calendar Year 2021.



Cobb County...Expect the Best!

2021 Annual Report MESSAGE FROM THE DIRECTOR

DATE: May 19, 2022

TO: Board of Commissioners
Audit Committee
Dr. Jackie McMorris, County Manager
Jimmy Gisi, Deputy 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) 2021 performance measures and accomplishments for your information. During CY2021, we issued a total of six assurance written reports. 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, our team completed and issued their 'Self-Assessment Quality Assurance Report' for the period January 2016 through December 2021. The results concluded that the Internal Audit Department's structure and procedures provide reasonable assurance of overall compliance with the *Standards, the IIA Code of Ethics and the Definition of Internal Auditing*. See Page 19 and Appendix A for further details and results.

In addition, we facilitated significant staffing changes/turnover in a competitive job market with limited resources. Although staffing¹ sustainability continued to be a challenge during CY2021, we were able to utilize the supplemental internal audit services from an external vendor.

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.

As a personal, individual accomplishment and to further demonstrate my commitment to continuing professional development, I passed the Certified Internal Auditor (CIA) Exam and received the corresponding designation in 2021.

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, CIA
Internal Audit Director

¹ See 'Staffing and Contact Information' for detailed information on staffing changes on Page 20.

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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 CY2021 included:

- Lisa Cupid, Chairwoman, Board of Commissioners
- Kelli Gambrell, Commissioner, District 1
- Carla Jackson, Tax Commissioner, *(Elected Official committee member)*
- Brett McClung, CPA, *(Citizen committee member)*
- Laurie Dyke, CPA, CFE, CFC *(Citizen committee member)*

Effective January 2022, Commissioner JoAnn Birrell is the District Commissioner representative for the 2022 calendar year.

Committee Oversight Responsibilities

During CY2021, 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, etc.
- ✓ Received and discussed projects initiated under the supplemental internal auditing services contract.
- ✓ Approved an extension of the CY2019-20 Audit Plan.
- ✓ Approved the CY2020 Annual Report for publication and distribution.
- ✓ Approved the CY2021-22 Streamlined Risk Assessment Approach and Proposed Timeline.
- ✓ Reviewed and provided input into the CY2021-22 streamlined risk assessment process.
- ✓ Approved the CY2021-22 Audit Plan.

Actions of the BOC are detailed on the next page.

AUDIT COMMITTEE ACTIVITIES, continued...

Board of Commissioners Actions

In accordance with Committee recommendations, the BOC performed the following actions during CY2021:

- ✓ Approved an amendment to the resolution establishing the Audit Committee to revise the original committee structure back to five members.

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Performance Measures

The 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 10.

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 CY2021, 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

Report #2021-001, February 18, 2021

FINAL REPORT – Network Security Audit (Performed by RSM US, LLP²)

Outcome Measure	Impact
Increased Safeguards over County Assets	Recommendations, when implemented, will strengthen or enhance the Cobb County's security posture and increase the County's ability to identify and respond to cybersecurity attacks, as well as mitigate key security risks.
Methodology	
Twenty-six (26) security controls and seven (7) security domains were evaluated.	

Report #2021-002, June 30, 2021

FINAL REPORT – Construction Audit (Performed by RSM US, LLP)

Outcome Measures	Impact
Reliability of Financial Information	Recommendations, when implemented, will provide assurance of the completeness, accuracy, timing, and integrity of depreciation amounts reported for the project 'close-out' phase.
Increased Safeguards over County Assets and Documents	Recommendations, when implemented, will strengthen or increase controls over user access to County systems and data.
	Recommendations, when implemented, will strengthen or increase controls over County records retained.
Efficient Use of County Resources	Recommendations, when implemented will ensure a more efficient way of generating project invoices for review, and approval. Recommendations will also increase the consistency within construction management processes Countywide.
Methodology	
Review of construction processes within the Department of Transportation and the Cobb County Water System.	

² RSM US, LLP is a vendor selected through the County's selection process to perform supplemental internal auditing services. [Source: Cobb County Contract No. 18955, dated April 21, 2020]

Report #2021-003, August 23, 2021**FINAL REPORT – Review of Monitoring Controls over Department Purchase Orders within the Purchasing Department**

Outcome Measures	Impact
Increased Safeguards over County Assets	Recommendations, when implemented, will provide strong controls within user departments to mitigate inefficiency, misuse and theft using PDs.
	Recommendations, when implemented, will provide assurance of the proper tracking and safeguard of PDs on hand at Purchasing Department and user departments.
Compliance with County Policy	Recommendation, when implemented, will provide assurance that user departments are not circumventing the County's policy prohibiting splitting of purchases and user department managers have the tools to monitor departmental purchases on timely manner.
Efficient Use of County Resources	Recommendation, when implemented will ensure efficient and more secured way of purchasing small dollar items.
Methodology	
During the audit period, October 1, 2019 – December 31, 2020, there were 16,931 PDs used to purchase goods and services from vendors, and the total countywide spending was \$10,922,687. In addition, 12,900 PDs were issued to user departments for the same period.	

Report #2021-004, August 26, 2021**FINAL REPORT – Review of Terminated Employees User Access Controls**

Outcome Measures	Impact
Increased Safeguards over County Systems and Data	Recommendations, when implemented, will provide increased controls over County systems and data.
Compliance with County Policy	Recommendation, when implemented, will provide assurance that a consistent use of the 'Disable Active Directory Account Request' form is used to ensure that terminated employee's user access is disabled timely.
Reliability of Information	Recommendations, when implemented, will provide assurance on the overall data reliability, as well as the completeness and accuracy of terminated user access reports.
Methodology	
For the period 04/01/2020-9/30/2020, we identified 337 employees on the HR report of terminated employees, including three (3) that transferred from full to part-time and are still employed at the County. We analyzed various HR and IS reports and identified the timeframe between the employee's separation from service and the date disabled.	

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Report #2021-005, December 9, 2021**FINAL CONSULTING REPORT - Strategic Planning and Risk Assessment of the Cobb County District Attorney Office, Victim Witness Unit**

Outcome Measures	Impact
Increased effectiveness in setting objectives, develop strategies to enforce the mission of VW Unit	Recommendations, when implemented, will facilitate effective governance and ensure that the VW Unit/DA's Office perform mandated services and comply with Federal, State, and grant requirements.
Improved operational and administrative effectiveness	Recommendations, when implemented, will allow for restructuring of the VW unit by adding supervisors to allow for reasonable staff to supervisor ratio, succession planning, and structural soundness of the VW Unit supporting long-term sustainability and business continuity.
Ability to delegate administrative, operational, financial and grant related duties to the newly created supervisors	Recommendation, when implemented, will provide efficient operations of the VW Unit, grant management, and allow the Director to focus on strategic and innovate ways to serve crime victims.
Revamped staff training and development	Recommendation, when implemented, will ensure VW Unit's staff receive adequate training and development to ensure understanding of the mandate, mission of the VW Unit, and expectation of their position and provide excellent service to crime victims.
Compliance with County time keeping policy	Recommendation, when implemented, will ensure that staff are trained on their timekeeping and biweekly time approval responsibilities and improved administrative efficiency by reducing supervisory time spent editing staff's bi-weekly time.
Updated VW Unit guidelines and procedures	Recommendation – when implemented, completion of comprehensive updates to the VW Unit's guidelines and procedures that will help employees understand what is expected of them and accurate information the VW Unit's operations.
Compliance with County policy for accountable equipment	Recommendation, when implemented, will ensure the accurate documentation and safeguard of all accountable equipment used by VW Unit.
Performance and compliance enhancements	Recommendations, when implemented, establish sound performance measures and workload standards ensuring increased efficiency and successfully providing mandated services and other victim support. The recommendation will also be beneficiary for equitable distribution of workload.
Improved grant management, monitoring, and reporting process	Recommendation – when implemented, will ensure that grant information is accurately tracked and the data provides comprehensive information on current grants managed and grant proposals submitted to ensure compliance with grant reequipments and follow-up with pending grant applications.
Financial and budgetary sustainability	Recommendations – when implemented, provide structural stability by funding the core leadership positions with general fund and delegating financial and budgetary duties to the newly created supervisory positions to ensure long-term sustainability and succession.
Methodology	
During the consulting engagement Internal Audit in collaboration with the Strategic Planning Committee performed risk assessment and various reviews of the VW Unit's operations and structure. The outcome of these assessment indicated significant risk to fulfillment of mandated services and long-term sustainability of the VW Unit without changes to the current organizational structure and funding sources.	

Report #2021-006, December 9, 2021

FINAL LETTER REPORT – Assessment of the Breeze Card Revenue and Reporting Validation Process

Outcome Measure	Impact
Reliability of Information	Recommendations when implemented will provide assurance of the completeness and accuracy of the Breeze Card revenue.
Methodology	
Based on the revenue summary for FY2016 - FY2020, the five-year average of revenues was approximately \$1.1 million.	

Recommendations

We issued 6 new written assurance projects for a total of 34 recommendations in CY2021. Since we started tracking recommendations in 2009, the auditees have agreed or proposed acceptable alternative solutions, with 98.67%³ (666 of 675) of our recommendations. The chart shows the status of the 666 recommendations, as of December 31, 2021.

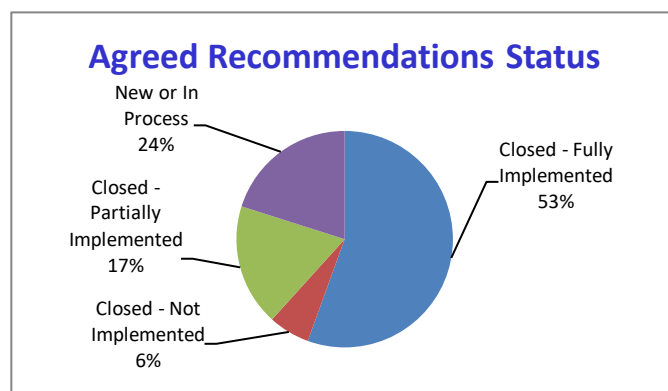


Chart 1 – Source: Internal Audit Department Recommendations Database

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. Based on the compiled responses received, we achieved an overall rating of 91.43%⁴ 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 nor Disagree
- 4 = Agree
- 5 = Strongly Agree

Survey Questions	Rating
(1) The audit objectives were clearly communicated to me.	4.40
(2) The auditor or audit team conducted themselves in a professional and courteous manner.	5.00
(3) The auditor or audit team maintained an adequate level of communication throughout the audit.	4.20
(4) The draft report was adequately discussed and any problems resolved before the report was formally issued.	4.80
(5) The audit report clearly presented the results of the audit.	4.80
(6) Recommendations in the audit report were practical and reasonable.	4.40
(7) Overall, the audit added value to my business unit and helped to improve our operations.	4.40
Average of Ratings	4.57 or 91.43%

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

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

⁴ Per 2018 ALGA Benchmarking Survey (published November 2018), the average reported satisfaction survey percentage is 90%.

Customer Service Results, continued...

The following represent additional comments or individual notes⁵ received in 2021:

- *“The Team pushed us to be realistic and honest during the process and that was much appreciated. They were very supportive even when the process was hard and time consuming.”*
- *“I do believe that the detailed objectives of the audit could be discussed, or explained, better at the beginning instead of just an overview.”*
- *“While County-wide standards are desirable, there are wide-ranging types of projects (professional services and construction) across the county. Flexibility representative of this range should be allowed.”*
- *“Thank you for all Your hard work and recent contributions in guiding the Unit through the strategic planning process. The way you motivated, enlightened and led the volunteer team was amazing! This has been invaluable to us and we are committed to ensuring your recommendations are put into place because we know it is essential to our success. I hate to keep repeating myself, but you are the “hidden gem” of this County!”*
- *“Thank you so much for the work you have done with the Unit. You not only helped our unit, but you challenged me & I am eternally grateful for your support & encouragement. So, no matter what may happen w/future recommendations, I (& the unit), are already a better equipped operation!”*
- *“Thank you so much for the work you have done. You have helped us learn so much & challenged us to see where we can improve, so no matter what happens with future recommendations, we are already a better unit!”*

Time Allocation



Sixty-six percent⁶ 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. Six 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.

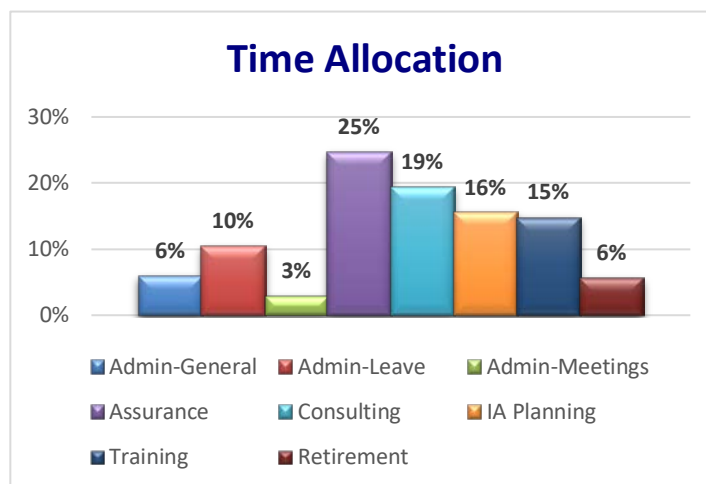


Chart 2 – Source: Internal Audit Department, Time Reporting (rounded)

In CY2021, our time on core functions was impacted by staff turnover, recruitment, and onboarding/training of new team members. Chart 2 reflects the time allocation for the Department staff, excluding the Administrative team member's administrative and planning time.

⁵ Additional comments or notes were modified to remove references to specific County agencies, departments, and elected official offices.

⁶ Per 2018 ALGA Benchmarking Survey (published November 2018), the percentage is 70% for an audit function with three to five auditors.

Other Noteworthy Activities

- ✓ Continued to maintain conformance with the Institute of Internal Auditors (IIA) *Standards for the Professional Practice of Internal Auditing*
- ✓ Facilitated a countywide training on Governance, Risks, and Internal Controls (GRC)...*Audience included 164 mid-to-senior level managers & leaders*
- ✓ Facilitated the CY2021-22 Streamlined Risk Assessment and finalized the CY2021-22 Audit Plan
- ✓ Facilitated 'International Internal Audit Awareness Month' Activities and received a BOC Proclamation
- ✓ Finalized and distributed our 2020 Annual Report of Accomplishments and Performance Measures

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 CY2021. <https://cobbcounty.org/internal-audit> for full copies of each report.

Report Number	Report Date	Report Title
2021-001	18-Feb-21	FINAL REPORT – Network Security Audit...(Performed by RSM US, LLP)
2021-002	30-Jun-21	FINAL REPORT – Cobb County Construction Audit Report...(Performed by RSM US, LLP)
2021-003	23-Aug-21	FINAL REPORT – Review of Monitoring Controls over Department Purchase Orders within the Purchasing Department
2021-004	26-Aug-21	FINAL REPORT – Review of Terminated Employees User Access Controls
2021-005	9-Dec-21	FINAL Consulting Report – Strategic Planning and Risk Assessment of the Cobb County District Attorney Office, Victim Witness Unit
2021-006	9-Dec-21	FINAL LETTER REPORT – Assessment of the Breeze Card Revenue and Reporting Validation Process

Completed...no reports issued

- FY2021 Year-End Encumbrances Validation...completed 10/1/2021

Assurance Services, continued...

Report Number	2021-001
Report Title	FINAL REPORT – Network Security Audit...(Performed by RSM US, LLP) ⁷
Objective	The purpose of this assessment was to understand and evaluate the network security posture for Cobb County through the lens of 26 security controls and 7 security domains.
Executive Summary	Out of the 26 controls tested, it was noted that 12 of these controls had exceptions within 5 security domains. Therefore, the 14 remaining controls were reviewed without exceptions; however, recommendations were made in these 2 security domains to further strengthen or enhance the Cobb County's security posture.
Recommendations	For the 12 exceptions noted, recommendations were made and the breakdown in priority is as follows: <ul style="list-style-type: none"> • High – 3 • Moderate – 7 • Low – 2
Impact on County Governance	Recommendations, when implemented, will strengthen or enhance the Cobb County's security posture and increase the County's ability to identify and respond to cybersecurity attacks, as well as mitigate key security risks.

Report Number	2021-002
Report Title	FINAL REPORT – Construction Audit...(Performed by RSM US, LLP)
Objective	The purpose of this review was to obtain an understanding of Construction processes within the Department of Transportation and the Cobb County Water System, assess the current internal control environment, and identify areas of weakness or opportunities for improvement.
Executive Summary	Both DOT and CCWS have strong operational and financial controls in place for managing design and construction activities. No high-risk observations were identified during our procedures. Various opportunities for improvement exist to help align departments with leading industry practices, and to increase consistency within construction management processes County-wide.
Recommendations	We noted two moderate observations and two process improvement opportunities.
Impact on County Governance	Recommendations, when implemented, will help align departments with leading industry practices and increase consistency within construction management processes County-wide.

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⁷ RSM US, LLP is a vendor selected through the County's selection process to perform supplemental internal auditing services. [Source: Cobb County Contract No. 18955, dated April 21, 2020]

Assurance Services, continued...

Report Number	2021-003
Report Title	FINAL REPORT – Review of Monitoring Controls over Department Purchase Orders within the Purchasing Department
Objective	The overall objective of this review was to determine the effectiveness of the Purchasing Department’s monitoring controls over Departmental Purchase Orders (PDs) that have been issued to user departments.
Executive Summary	<p>Based on preliminary survey results, we determined that sufficient evidence existed to conclude on the audit objectives and additional fieldwork procedures would not provide added value. We determined that the Purchasing Department has control activities in place to ensure that PDs on hand are secured and PDs used are in compliance with the County’s Policy; however, additional improvements are needed to provide reasonable assurance that effective monitoring controls exists.</p> <p>Specifically, we noted the need to establish adequate countywide PDs use and administration procedure; improved established PDs inventory control practices to safeguard PD inventories at both the Purchasing Department and user departments; consistent monitoring and reporting of countywide PDs use and administration; and an evaluation of a more secure alternative purchasing method the County can use for small dollar purchases.</p>
Recommendations	We made six (6) recommendations to strengthen the internal control environment and increase the effectiveness of monitoring controls over the Department Purchase Order within the Purchasing Department.
Impact on County Governance	The six recommendations along with the corrective actions taken by Purchasing Department, when implemented, will strengthen the controls and safeguards over PDs and small dollar purchases. The County and its stakeholders can be assured that internal controls are strengthened to mitigate theft or misuse of county funds using PDs. Total countywide spending using PDs for the audit period, October 1, 2019 to December 31, 2020, was approximately \$10.9 million.

Report Number	2021-004
Report Title	FINAL REPORT – Review of Terminated Employees User Access Controls
Objective	The overall objective of this review was to ensure that former employees do not have access to Cobb County (County) systems or data. Specifically, we evaluated the removal of user access upon the separation of service for employees to ensure the timely removal of system access privileges.
Executive Summary	<p>We determined that IS has a formal process in place to disable user access for terminated employees; however, the process is not consistently followed by all departments and improvements are needed to strengthen the current controls to ensure that access is terminated immediately and that former employees do not have access to Cobb County systems and data.</p> <p>Specifically, we initially identified terminated employees with system access and/or whose access was not removed timely. Additional procedures and analyses revealed that the user access for terminated employees had subsequently been disabled, the employees had been rehired, or the access was identified as an active contractor.</p>
Recommendations	We made five (5) recommendations to strengthen the internal control environment over terminated employees’ user access and to increase the completeness and accuracy of associated reports.
Impact on County Governance	The recommendations, when implemented, will strengthen the controls over terminated employee user access. County leadership and citizens can be assured that system and user access for former employees are removed in a timely manner.

Assurance Services, continued...

Report Number	2021-005
Report Title	FINAL CONSULTING REPORT – Strategic Planning and Risk Assessment of the Cobb County District Attorney Office, Victim Witness Unit
Objective	The overall objectives of the Strategic Planning and Risk Assessment consulting services were to assess the effectiveness of the Victim Witness (VW) Unit’s organizational structure; perform a risk assessment of the Unit’s activities; and to identify strategic changes needed to ensure long-term sustainability and business continuity.
Executive Summary	<p>The District Attorney’s (DA) Office requested Internal Audit to perform a Strategic Planning and Risk Assessment for the VW Unit. Internal Audit worked with Strategic Planning Committee (SP Committee) members that included the Chief of Staff for the District Attorney, Director of the VW Unit, and seven VW Advocates, who volunteered to serve on the committee. Internal Audit led the SP Committee through several group sessions and analyses of VW Unit’s activities including, but not limited to the identification/understanding of primary objectives and significant programmatic and operational risks; data collection and reporting on the number of victims served and services provided; tools used to document compliance with various requirements; grant administration, monitoring, and reporting used to support the VW Unit; and other organizational duties. The consulting project also included an assessment of the business continuity and long-term sustainability of the VW Unit and improvements related to the organizational structure, funding, staffing, workload management, performance measures, and major functions.</p> <p>Internal Audit did not perform assurance related testing; therefore, this report does not include assurance on VW Unit’s internal controls, financial reporting, or compliance with Federal, State, and County laws, policies and procedures, and grant requirements.</p>
Recommendations	We made ten written recommendations to address structural effectiveness and operational and administrative effectiveness that may hinder the VW Unit from continuing to provide its mandated services and achieving organizational missions and visions. We also made preliminary recommendations to District Attorney/Victim Witness Director in the areas of strategic governance to benefit the stability of the VW Unit.
Impact on County Governance	The recommendations, when implemented, will ensure that the VW Unit will have sound organizational structure to ensure long-term stability and business continuity, improved operational and administrative effectiveness, improved performance measures and workload standards, and efficient grants administration.

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Assurance Services, continued...

Report Number	2021-006
Report Title	FINAL LETTER REPORT – Assessment of the Breeze Card Revenue and Reporting Validation Process
Objective	The overall objective of this review was to assess whether the process implemented, and reports used to reconcile and validate the revenues from the Breeze Card clearinghouse are reliable for financial and auditing purposes.
Executive Summary	We previously reviewed the controls over revenue recognition of the Breeze Card Program and made a recommendation to develop and implement a process to validate Breeze Card revenue on a monthly basis. The Breeze Card monthly reconciliation and other corrective actions were subsequently implemented and substantiated. We performed a preliminary assessment to determine the adequacy of the process implemented and the reporting system used to generate the CobbLinc ridership information. We determined that the process that was previously implemented was no longer in place and no compensating controls had been implemented. In addition, we observed that a previous Letter of Understanding (LOU) has expired.
Recommendations	We made two recommendations that will ensure that the revenue reported for the Breeze Card program is accurate, complete, and reliable for financial and auditing purposes.
Impact on County Governance	The recommendations when implemented will strengthen the controls over approximately \$1.1 million of revenue currently processed through Breeze Cards annually. The recommendations will ensure that the County receives the correct amount of revenue and funds generated by CobbLinc.

Supplemental Internal Audit Services

Two projects were completed under the supplemental internal audit services contract during CY2021. For details for Report Numbers 2021-001 and 2021-002, see 'Assurance Services' on Page 5. As of 12/31/2021, we were in discussions to scope and plan two additional information technology projects. Details will be included in the CY2022 Annual Report.

Follow-up Reports

As of 12/15/2021, follow-up statuses of corrective actions were requested for thirteen (13) original reports. The objective of these follow-ups was to determine whether the actions taken were adequate to correct the reported deficiencies. As of the calendar year 2021, we initiated our procedures to evaluate the responses. A compilation of the corrective actions is in process and will be included in a draft report to be issued in June/July 2022.

Projects in Process

(as of 12/31/2021)

The following projects were initiated or in process during CY2021, and the reports will be issued in 2022 unless otherwise stated. Details will be included in the calendar year 2022 Annual Report.

Survey of Department Application User Access Controls

Objective: The overall objective of this review was to survey the system applications within Cobb County (the County) Agencies and Departments (Departments) to determine that user access is restricted to current employees, active contractors, or third-party vendors and to determine if the existing approach is adequate to prevent unauthorized access to County systems and data in a timely manner. *[See Report Number 2022-01, issued February 3, 2022]*

Review of the Administrative Contract of the Cobblestone Golf Course

Objective: The overall objective was to evaluate and ensure that the administrative contract between Cobb County and Affiniti Golf Partners, Inc. (AGP) for the Cobblestone Golf Course (Cobblestone) has adequate oversight and controls and are consistently monitored. *[See Report Number 2022-02, issued February 3, 2022]*

Survey of Parks Tennis and Aquatics Professional Lesson & Revenue Collection Practices

Objective: The overall objectives of this review was to identify control weaknesses in the existing process and make recommendations that would ensure the methodology used to assign coaches to private lessons is in compliance with the Cobb County (County)'s Conduct and Performance Policy and provide reasonable assurance that the methodology is consistent across tennis and aquatics locations, is fair and equitable for all coaches, and that the revenue collected is accurate based on the revenue earned. *[See Report Number 2022-03, issued February 3, 2022]*

Electronic Fund Transfer (EFT) Payment Diversions

Objective: The overall objective of this consulting project was to gain an understanding of how a fraudulent electronic transfer of funds discovered on November 3, 2021 occurred and assess the related control weaknesses. *[See Report Number 2022-04, issued April 7, 2022]*

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 CY2021, one suggestion was received regarding a pedestrian traffic improvement.

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 be in some instances. For written consulting reports issued, see 'Assurance Services' on Page 10. Additional details of consulting services are reflected below.

General Guidance and Consultation

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



- Governance, Risk, and Internal Controls (GRC) Training (*Countywide*)
- Victim Witness Unit Strategic Planning & Risk Assessment (*District Attorney*)
[See Report Number 2021-005 under 'Assurance Services' on Pages 10 & 13]
- Citizens Cost Savings Program (*Countywide*)
- General Consulting/Telephone Discussions (*Various*)
- Atlanta IIA Government & Public Sector Auditors Conference (*Atlanta IIA*)

Service on Committees

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

- CY2021 Actuary Validation w/HR/Finance (*Countywide*)
- Senior Services Cajun Cook-off (*Senior Services*)
- Interview Committee – Cybersecurity Manager (*Information Services*)
- Interview Committee – Victim Witness Unit Supervisors (*District Attorney*)



Audit Alerts/Publications



Audit Alerts/Publications are periodically distributed to County agencies, departments, and elected official offices to make them aware of potential risk areas that should be evaluated or to provide guidance to address potential risk areas. During CY2021, we issued one publication.

Validation of Retirement Calculations

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 CY2021, we completed 180 Regular, Vested Term, and/or Survivor Benefit Calculations. With BOC approval, the retirement calculation process was outsourced to a third-party vendor during the fourth quarter of 2021. Internal Audit will continue validating only vested retirement calculations until the process has completely transitioned in 2022.



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CY2021-22 Streamlined Risk Assessment Process

Our CY2021-22 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 outstanding projects from the CY2019-20 Audit Plan. 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.

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.

CY2021-22 STREAMLINED RISK ASSESSMENT CRITERIA

- BOC Strategic Commitment Areas
- Current or Emerging risk discussions with the following:
 - Board of Commissioners
 - Audit Committee
 - County Manager/Deputy County Manager
 - Finance Director/Comptroller
 - Agency Directors
 - County Attorney
 - County Clerk
 - Information Services Director
 - Internal Audit Team & Professional Organization training
- Emerging risks from industry/professional organizations
- Five-year analysis/trends in revenues
- Five-year analysis/trends in expenditures by object codes
- Recurring/annual projects
- Outstanding projects from the CY2019-20 Audit Plan
- Schedule of Governance, Risk, and Internal Control training (*4-tiered approach*)
- Special projects/requests
- Audit leads from other projects
- Analysis of Available Hours of Internal Audit staff

Table 2 – Source: Internal Audit CY2021-22 Streamlined Risk Assessment

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

Self-Assessment Quality Assurance Report

The International Standards for the Professional Practice of Internal Auditing (Standards) requires that an external quality assessment review (QAR) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The QAR can be accomplished through a full external assessment or a self-assessment with independent validation. The most recent external quality assessment was performed in 2016 for the year 01/2015 to 12/2015 and was completed on July 29, 2016. The Department received the highest rating. The next quality assessment was due in 2021. However, the deadlines were extended due to the inability to schedule peer reviews during the Covid-19 pandemic. The Department reports on the ongoing internal assessment results annually as part of the Internal Audit Annual Report.

Under the International Professional Practices Framework developed by the Institute of Internal Auditors (IIA), internal assessments are mandatory and must include ongoing and periodic self -assessments which are in addition to the external assessment required at least once every five years. The internal periodic self-assessment has been completed.

Report Number	2022-05
Report Title	FINAL REPORT – Internal Self-Assessment Quality Assurance Report
Objective	The objective was to determine to what extent the internal auditing activity adds value and improves the County's operations, and to provide assurance that the internal audit activity is in conformity with the Standards and Code of Ethics.
Scope	January 2016 through December 2021
Results	Based on the self-assessment results, it is our overall opinion that the Internal Audit Department's structure and procedures provide reasonable assurance of overall compliance with the Standards, the IIA Code of Ethics and the Definition of Internal Auditing. The environment which Internal Audit operates is well structured, progressive and the Director endeavors to provide useful audit tools and implement appropriate practices. In addition, the Standards and Code of Ethics are understood and applied by Department team members.
Recommendations	Some opportunities for improvement were identified in the review or by the Internal Audit Director's Gap Analysis. These are opportunities to enhance the efficiency and effectiveness of the Internal Audit process. These items do not indicate a lack of conformance with the Standards or the Code of Ethics, but rather offer suggestions on how to better enhance the Internal Audit Department's activities.
Impact on County Governance	A self-assessment and QAR provide assurance that an audit organization is following its established policies and procedures and applicable auditing standards.

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. Auditors with the Certified Internal Auditor (CIA) must comply with the annual training requirement of (40) hours, and Certified Fraud Examiners (CFE) must comply with the annual training requirement of twenty (20) credits, with ten (10) to be fraud related and two (2) ethics related.

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 CY2021, 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, the Association of Local Government Auditors (ALGA), and the Association of Certified Fraud Examiners (ACFE).

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⁹ 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 CY2021, our department experienced some changes. Below is a synopsis of the 2021 changes and current staffing.

- ✓ Onboarded two (2) Senior Internal Auditor positions.
- ✓ Onboarded one (1) new Part-time Administrative Specialist II position.
- ✓ Internal Auditor II & Administrative Coordinator resigned.

Current Staffing

See below for our current staffing as of the date of this report:

- Latona Thomas, CPA, CIA, Director
- Erica Brooks Peters, CPA, Senior Internal Auditor
- Tenaye Francois-Arneson¹⁰, CIA, CFE, Senior Internal Auditor
- Margarite Benevento¹¹, Senior Internal Auditor
- Rebecca Ash-Allen¹², Part-time Administrative Specialist II

[Website: https://cobbcounty.org/internal-audit](https://cobbcounty.org/internal-audit)

Additional Acknowledgements

We would like to acknowledge the efforts and contributions of previous team members to the overall 2021 results reflected in this report.

David Murry, Internal Auditor II¹³

Shelly Norton, Administrative Coordinator¹⁴

¹⁰ Hired effective January 11, 2021 into a part-time position and transferred to a full-time position on March 22, 2021.

¹¹ Hired effective August 9, 2021.

¹² Hired effective July 12, 2021.

¹³ Resigned effective January 15, 2021.

¹⁴ Resigned effective January 22, 2021 and transferred to another County department.

Appendix A



COBB COUNTY INTERNAL AUDIT

Latona Thomas, CPA, CIA

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 latona.thomas@cobbcounty.org

Director

CY2021 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			GC

¹ Based on the Internal Self-Assessment Quality Assurance Report, Report #2022-05 dated 05/12/2022.

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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	GC
2440	Disseminating Results	GC
2450	Overall Opinions	GC
2500	Monitoring Progress	GC
2600	Communicating the Acceptance of Risks	GC
	IIA Code of Ethics	GC

CY2021 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>