



CITY OF ATLANTA

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**AUDIT COMMITTEE**  
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September 30, 2019

Honorable Mayor, City Council President, and members of the City Council:

We are pleased to provide you a summary of the City Auditor's Office fiscal year 2020 annual audit schedule. Section 2-603 (2) of the Atlanta City Charter requires the city auditor to submit at the beginning of each fiscal year an annual schedule to the Audit Committee for review and comment. The attached tables list work currently in progress and audits we plan to begin in fiscal year 2020.

To prepare the schedule, we conducted a citywide risk assessment of financial and performance risks. A description of our risk assessment model and results are on our web site at [www.atlaudit.org](http://www.atlaudit.org). The model scores departments and offices on 37 measures grouped into five categories:

- Change
- Planning & Performance
- Control Environment
- Safety & Liability
- Size & Complexity

We also solicited input from stakeholders and considered results of previous performance and financial audits. The Audit Committee selected audit topics considered highest priority. Under the charter, the Audit Committee or the city auditor may amend this schedule if, in our judgment, changes are needed.

We or the city auditor, Amanda Noble, would be happy to answer questions about the schedule. Thank you for your continued support of the Audit Committee and the city's independent audit function.

Sincerely,

Marion Cameron, Chair

City of Atlanta Audit Committee

Attachment

Distribution (via e-mail):

Cabinet members

Deputy Commissioners

Judicial agency heads

Ethics Office

Citizen Review Board

City Council staff

City Auditor's Office staff

Audit Committee members

## Audits in Progress

Audit Topic	Reason for Audit	Planned Draft to Management Date
Renew Atlanta: Natatorium	We have contracted with Carr, Riggs & Ingram to perform a closeout construction audit of the Martin Luther King, Jr. Recreation and Aquatic Center, a \$23.1 million design-build, lump-sum project. The audit will assess compliance with contract terms and potential cost recovery.	Mid-June 2019
Renew Atlanta: Northside Drive Pedestrian Bridge	We have contracted with Talson Solutions to perform a closeout construction audit of the Northside Drive Pedestrian Bridge, a design-build project with a budget of approximately \$23.6 million. The audit will assess compliance with contract terms and potential cost recovery.	Late September 2019
Actuarial Audit (Defined Benefit Pension Plans)	We have contracted with Deloitte to conduct an actuarial audit of the city's three defined benefit pension funds. Section 6-313 of the city charter requires the Audit Committee to engage a licensed actuary to conduct an actuarial audit of the city's General Employee Pension Fund, Firefighter Pension Fund, and Police Pension Fund every five years with the costs to be paid by the corresponding pension fund. An actuarial audit is an industry best practice for monitoring the quality of actuarial services performed on behalf of the pension plan.	Mid-October 2019
WorkSource Atlanta	Councilmember Archibong requested an audit of WorkSource Atlanta after the city had to return unused federal training dollars. In our last audit of the agency, released January 2013, we found red flags for fraud that we referred to the federal Department of Labor Office of Inspector General. The audit is assessing grant expenditures, program participation, agency staffing levels, and agency leadership changes.	Early November 2019
Aviation Security	The former Aviation General Manager expressed interest in a performance audit of the Office of Aviation Security and Maintenance, which scored relatively high in our risk assessment primarily due to its size and complexity. The office is responsible for controlling access to secure areas of the airport facilities. The audit is assessing badging, perimeter security, CCTV coverage, and door alarm controls.	Mid-November 2019

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Live Nation	<p>The City Council authorized a direct lease agreement between the city and Live Nation Worldwide, Inc., for use of the Lakewood Amphitheater through 2034. Prior to the 2009 agreement, Live Nation held a sublease to the property. Community stakeholders have expressed concern to the Audit Committee about Live Nation's compliance with lease agreement terms, which include base and percentage rents, maintenance obligations, and capital improvements. Live Nation is also part of a joint venture with a lease agreement for use of Chastain Amphitheater. The audit is assessing compliance with contract provisions related to rents, maintenance obligations, and capital improvements.</p>	Mid-November 2019
Renew Atlanta Wrap-up	<p>City Council passed 15-R-3343, which required the City Auditor to establish a capital project and construction audit function to monitor the Renew Atlanta Infrastructure Bond program for its five-year lifespan. Our past reports assessed contract terms, design of program controls, roadway resurfacing work, fire station renovations, and the expenditures through July 2018 of the Renew Atlanta/TSPLOST programs. In addition, we have contracted for closeout construction audits of the Martin Luther King, Jr. Recreation and Aquatic Center, a project funded with Renew Atlanta bond funds and administered by the Department of Parks and Recreation, and the Northside Drive Pedestrian Bridge, a project funded with Renew Atlanta bond premium and administered by the Department of Public Works. This audit will tie together findings and observations from the previous seven reports, with a focus on new controls and on determining which previously assessed controls worked and which didn't as the city moves toward implementation of the new Department of Transportation.</p>	Early January 2020
Hiring	<p>Managers in operating departments have expressed frustration with the city's hiring process. Citywide turnover and vacancies contribute to higher costs and lower productivity. The audit is assessing whether resources (people, processes and technology) are in place to ensure the hiring process is implemented consistently and efficiently.</p>	Mid-April 2020

## Additional Audits Planned to Start in FY20

Audit Topic	Reason for Audit	Planned Start Date
Office of Contract Compliance	Councilmember Brown requested an audit of the Office of Contract Compliance to examine the extent to which the city is meeting its established Disadvantaged Business Enterprise, Minority Business Enterprise, and Female Business Enterprise goals and to identify potential barriers to participation. The audit will also assess controls in place to ensure the procurement process is fair and transparent.	November 2019
APD Licenses and Permits	The Atlanta Police Department License and Permit Unit regulates the sale or consumption of alcoholic beverages on premises. Regulatory activities pose inherent risk. The audit will review controls to ensure fair and consistent enforcement.	November 2019
Forensic Review Former CFO Transactions	Following media accounts of improper payments made by the city's former chief financial officer, City Council President Moore requested a forensic review of high risk transactions to identify specific overriding actions performed or weaknesses in existing internal controls that allowed the actions to occur. We plan to seek a qualified firm to perform this work.	December 2019
Street Lighting	Street lighting improves safety for drivers, riders, and pedestrians. The Department of Public Works' Office of Transportation oversees and maintains the city's street lights. The city leases lights on wooden poles from Georgia Power. The audit will assess operations, maintenance, and costs compared with industry best practices.	December 2019
DWM Engineering Services Contract Management	This is the first in a series of contract management audits in operating departments using the criteria developed through our work on the Renew Atlanta Bond Program. The Department of Watershed Management's Engineering Services is responsible for managing the department's capital improvement program, including design and construction projects to comply with the city's consent decree. The audit will review controls to administer contracts and test whether controls were followed.	January 2020
Scooter Enforcement	Cities across the country are focusing on how to best regulate e-scooters. A recent NACTO (National Association of City Transportation Officials) publication found that 38.5 million trips were taken on shared e-scooters in 2018, requiring cities to establish new oversight tools, metrics, and practices to ensure safety of riders, drivers, and pedestrians in the public right-of-way. The audit will review Atlanta's regulatory framework compared to industry best practices and assess enforcement efforts to-date.	April 2020

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Aviation Maintenance	The Department of Aviation Office of Operations, Maintenance & Transportation is responsible for operations and maintenance of the airport. Previous work and hotline complaints have identified concerns about deployment of staff and equipment. The audit will review policies and practices used to schedule staff, to ensure credentials are up-to-date, and to safeguard equipment and inventory.	May 2020
IT Security	The city has strengthened its IT security practices since the March 2018 Ransomware attack. AIM (Atlanta Information Management) has decided to follow the NIST (National Institute of Standards and Technology) Cybersecurity Framework—a compilation of voluntary standards, guidelines, and best practices to manage cybersecurity-related risks. The audit will test selected control activities to assess whether they are working as intended.	June 2020
Set up continuous audit	Continuous auditing leverages technology to test controls and to identify potential red flags in transactions as, or soon after, they occur. We will work with AIM, the Department of Finance, and other stakeholders to identify high-risk transactions to develop a continuous audit program.	June 2020
Recreation Fees	The Office of Recreation provides recreation services and programs for all citizens with a goal of affordability. City Councilmembers shared constituent concerns that fees were not assessed equitably. The audit will evaluate whether fees are assessed consistently.	June 2020
Business License Administration	A license is required to operate a business within the city. Applicants submit an application and required documentation to the Department of Finance's Office of Revenue along with two separate payments for registration and zoning review fees. Some types of businesses require additional regulatory permits or approvals before a license may be granted. Business licenses expire December 31st of each year. Businesses are required to renew their licenses online; the city does not send renewal notifications. Some small business owners have complained about the process. The office is also implementing a new computer system to replace its Business License Information System. The audit will assess policies, procedures and practices to ensure controls are in place to administer the process fairly and in conformance with applicable city code provisions.	August 2020