



**CITY OF ATLANTA**

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**AUDIT COMMITTEE**  
*Marion Cameron, CPA, Chair*  
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*Danielle Hampton*

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

**FROM:** Amanda Noble 

**DATE:** September 17, 2018

**SUBJECT:** Updated Annual Audit Schedule

We have updated the City Auditor's Office 2018 annual audit schedule to align with organizational changes in the office and with the fiscal year. 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 Audit Committee has approved the amended schedule.

The attached tables list work currently in progress and audits we plan to begin in fiscal year 2019. We have added four projects to start during the fiscal year and have shifted the timing of some planned audits. We will update our risk assessment next spring to develop an audit schedule for fiscal year 2020. We welcome your input on potential audit topics.

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Under the charter, the Audit Committee or the city auditor may amend this schedule if, in our judgment, changes are needed. Three of these audits will be done under contract rather than with city audit staff.

Please let us know if you have questions about the schedule. Thank you for your continued support of the Audit Committee and the city's independent audit function.

Attachment

Cc:  
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**

<b>Audit Topic</b>	<b>Reason for Audit</b>	<b>Planned Draft to Management Date</b>
Water Quality Testing	The Department of Watershed Management’s Office of Water Treatment & Reclamation had the second highest risk score in our 2017 risk assessment. The office is responsible for operating the city’s drinking water plants and storage facilities, and complying with all applicable regulatory requirements, including the Safe Drinking Water Act. Media has reported elevated lead levels in drinking water at several Atlanta Public Schools. According to the city’s 2016 Water Quality Report, the city has no lead service lines, but does have some lead joints. The department tests water samples at the source, treatment plants, distribution center and consumer taps. The department’s Office of Watershed Protection monitors and reports compliance with state and federal regulations independently of operations. Our audit is reviewing the process for testing and reporting on water quality.	August 2018
APD Body-Worn Cameras	Body cameras enhance transparency and accountability for interactions between citizens and the police. The Atlanta Police Department started deploying body worn cameras in 2016, starting in zone 4 and rolling them out to the other patrol zones throughout 2017. The chief of police expressed interest in a performance audit to assess compliance with the department’s policy and to recommend performance metrics for monitoring.	September 2018
Renew Atlanta: Review of Expenditures	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 four reports assessed contract terms, design of program controls, roadway resurfacing work, and fire station renovations. Pursuant to resolution 18-R-3297, this audit is reviewing the expenditures of the Renew Atlanta Bond/TSPLOST Programs. Our review will include all projects that have been completed or are in progress, total expenditures for the programs, projects funded by the Renew Atlanta Bond premium, and remaining balances in the capital funds.	October 2018

Audit Topic	Reason for Audit	Planned Draft to Management Date
Overtime	The city spent \$54.2 million on overtime in fiscal year 2017, double what it spent in fiscal year 2013. Our audit is reviewing patterns in overtime spending by department and employee and examining management controls over the use and distribution of overtime. We issued an interim report in May 2018 at the request of the chair of the Finance/Executive Committee to use during the city's budget deliberations.	November 2018
Procurement	City councilmembers have expressed concern over the city paying on expired contracts. The city's competitive procurement process is intended to foster a fair and open process to select the most responsible proposer who can provide the best value for the city. Extending expired contracts limits competition. We are also assessing whether the city obtains competitive pricing on cooperative contracts.	November 2018
Super Bowl LIII preparedness	We are reviewing the city's emergency management planning related to the Super Bowl. Because of the security-sensitive nature of the topic, we will limit public reporting to what can be disclosed under the Open Records Act. We plan to share observations and recommendations with the management team throughout the process and assist with the after-action report.	February 2019
AFRD EMS controls over inventory of medical supplies	Our investigation of theft of fuel from the Atlanta Fire/Rescue Department (January 2018) identified weak inventory controls. Several fire stations operate advanced life support vehicles that carry medical supplies such as morphine and valium.	March 2019
Actuarial Audit (Defined Benefit Pension Plans)	Section 6-314 of the city charter requires the Audit Committee to engage a licensed actuary to conduct an actuarial experience review of the City's General Employee Pension Fund, Firefighter Pension Fund, and Police Pension Fund with the costs to be paid by the corresponding pension fund. We have contracted with Deloitte to conduct the audit.	TBD
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.	TBD

**Additional Audits Planned to Start in Fiscal Year 2019**

<b>Audit Topic</b>	<b>Reason for Audit</b>	<b>Planned Start Date</b>
Fire Hydrant Inspections/Maintenance	Faulty fire hydrants can hamper emergency responses and endanger firefighters and the public. Leaking hydrants damage thousands of dollars of property. Atlanta Fire Rescue is responsible for inspecting fire hydrants and the Department of Watershed Management's Office of Linear Infrastructure is responsible for maintaining fire hydrants. The Department of Watershed Management reported that it had significantly reduced the backlog for fire hydrant repairs in fiscal year 2018.	October 2018
Code Enforcement	We last audited code enforcement in 2010. At the time, the city lacked reliable data to prioritize, track, and manage its code compliance complaints, measure its progress toward meeting performance standards, or determine staffing requirements. The Office of Code Compliance had overstated its performance and misrepresented the makeup of its complaints in public reports. Since then, the city transferred the function to the Atlanta Police Department from the Department of Planning and Community Development. APD's Code Enforcement Section is responsible for inspecting residential and commercial properties to enforce the Housing Code, Graffiti Ordinance, and Commercial Maintenance and Industrial Code.	October 2018
Live Nation	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.	November 2018

Audit Topic	Reason for Audit	Planned Start Date
Office of Aviation Security and Maintenance	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.	March 2019
Contract Administration	Our audit work on the Renew Atlanta Bond program and selected projects has identified potential control weaknesses in other departments that manage construction contracts. We will use the framework developed for the Renew Atlanta program to identify opportunities to strengthen contract management throughout the city.	March 2019
Hiring	Managers in operating departments have expressed frustration with the city's hiring process. Citywide turnover and vacancies contribute to higher costs and lower productivity.	April 2019
Renew Atlanta: Northside Drive Pedestrian Bridge	We are soliciting proposals for a construction closeout audit of the Northside Pedestrian Bridge, a design-build project with a budget of approximately \$23.6 million.	TBD