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# CITY AUDITOR'S OFFICE

**QUARTERLY REPORT TO FINANCE/EXECUTIVE COMMITTEE  
OCTOBER 30, 2024**

## FY25 Q1 SUMMARY

### AUDITS

- **2 audit released**
- **1 approved for release pending response**
- **6 audits in progress**
- **Released FY25 Annual Audit Plan**

### FOLLOW-UP

- **28 Recommendations Closed**
- **8 (29%) Closed as Implemented**
- **Implemented prioritization**

<https://dashboard.missionmark.com/ae075fd7-a40b-489c-a67a-6e1ec4566694/>

### CONTINUOUS AUDIT

- **49 Advanced Access Control Conflict Pairs**
- **13 Sensitive Access**
- **25 Financial & HR Transactions**
- **3 OTBI Reports**

<http://www.atlaudit.org/continuous-audit-dashboards.html>

This first slide summarizes our activity for the first quarter of fiscal year 2025. We released 2 audit reports out of our goal of 12 (17%). The Audit Committee has approved one additional report for release, pending receipt of management's response to a recommendation. We have 6 additional audits in progress (listed on p. 5). We also released the FY25 Annual Audit Plan that identifies audits we plan to start in the remainder of the fiscal year. The audit plan reflects stakeholder requests, projects deferred from prior years, potential risks identified through a risk assessment, and mandated audits.

We started fiscal year 2025 with 208 open audit recommendations; 91 had a status of started or partly implemented (44%). In the first quarter of fiscal year 2025, we closed 28 recommendations, with 29% implemented. We've added 24 recommendations in reports issued to-date. We developed a method to prioritize audit recommendations as "high," "medium," or "low," which the Audit Committee approved in its August meeting. While prioritizing open recommendations, we dropped 20 older, low priority recommendations, which explains the low implementation rate in the first quarter. Our Missionmark dashboard (link shown above) does not yet display the priority, but the vendor expects to implement this functionality early next year. In the meantime, we have developed an interactive report to show open recommendations by priority.

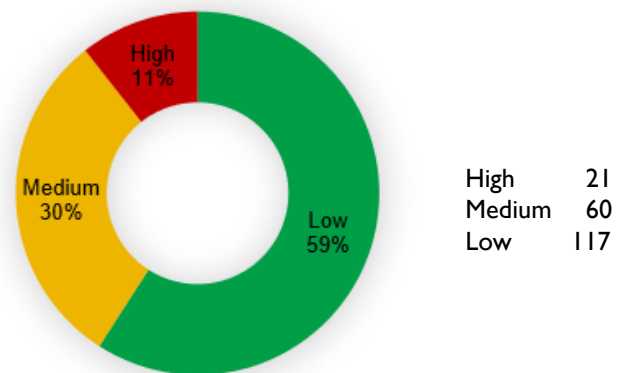
On continuous audit, we are regularly monitoring Procurement, Accounts Payable, and AIM SOD (segregation of duties) controls and user accounts with sensitive access. Our dashboard reports results and remediation in these areas (shown in the link on the slide). We are working with Human Resources to identify false positives, and remediate where necessary, SOD conflicts and sensitive access.

We also run a query to match the city's supplier table against the employee table on different fields and refer potential conflicts or problems to the Ethics Office, Office of Inspector General, and/or Department of Procurement, as appropriate. We continue to assist Procurement in its efforts to clean up the city's supplier table, including flagging invalid taxpayer identification numbers, incomplete vendor records, and potential duplicate suppliers (the same supplier with more than one vendor ID).

# PRIORITIZING OPEN AUDIT RECOMMENDATIONS

Recommendation Priority	Definition
HIGH	<p>The recommendation addresses condition or risk that has city-wide impacts, including:</p> <ul style="list-style-type: none"> <li>• mismanagement of operations and/or budgets across departments</li> <li>• threat to public health and/or public safety</li> <li>• evidence of fraud, waste, and abuse</li> <li>• noncompliance with legal/regulatory requirements that results in large fines or lowers bond ratings</li> <li>• condition or risk is important and urgent</li> </ul>
MEDIUM	<p>The recommendation addresses condition or risk that impacts the city at a department level, including:</p> <ul style="list-style-type: none"> <li>• mismanagement of operations and/or budget and expenses</li> <li>• resource mismanagement, such as staffing, equipment, technology that affect performance, service delivery, and customer service</li> <li>• noncompliance with city ordinance(s) or internal inter-departmental policies and procedures</li> <li>• condition or risk is important, and may become urgent if not addressed</li> </ul>
LOW	<p>The recommendation addresses condition or risk that impacts the department at a business-unit level, including:</p> <ul style="list-style-type: none"> <li>• outdated or obsolete policies, procedures, or practices that may affect performance, service delivery, and customer service</li> <li>• condition or risk is important, but not urgent</li> </ul>

Open Recommendations by Priority (Sept 30, 2024)



Working with the Audit Committee, we defined **high priority** recommendations as those with one or more of the following characteristics:

- Citywide impact
- Addresses mismanagement of operations and/or budgets across departments
- Addresses a threat to public health and/or public safety
- Addresses evidence of fraud, waste, or abuse
- Addresses noncompliance with legal/regulatory requirements that could result in large fines or lowered bond ratings
- The condition or risk is important and urgent.

An example of an open recommendations that we rated as high priority is our recommendation that the fire chief work with the chief procurement officer to ensure the replacement of fire vehicles is adequate so that new fire apparatus can be purchased timely to replace older vehicles that can either be retired or moved into reserve status.

**Medium priority** recommendations include one or more of the following characteristics:

- Department-wide
- Addresses resource mismanagement, such as staffing, equipment, or technology that affect service delivery or customer service
- Addresses noncompliance with city ordinance(s) or internal departmental policies and procedures
- The condition or risk is important and may become urgent if not addressed

An example of an open recommendation that we rated as medium priority is our recommendation that the chief procurement officer ensure all contracts are uploaded into

ATLCloud as part of award close-out for reporting.

Low priority recommendations include one or more of the following characteristics:

- Business unit risk
- Addresses outdated or obsolete policies, procedures, or practices that may affect performance, service delivery, or customer service
- The condition or risk is important, but not urgent

An example of an open recommendation that we rated as low priority is that the airport general manager should ensure processes are reinforced to guarantee project staff participation in ongoing safety training programs for capital construction projects.

An interactive report of open recommendations by priority is available at the link in the slide.

## AUDITS COMPLETED

AUDIT	STATUS
<u>Fire Fleet Maintenance</u>	Released August 2024
<u>Office of Contract Compliance Subcontractor Utilization</u>	Released October 2024

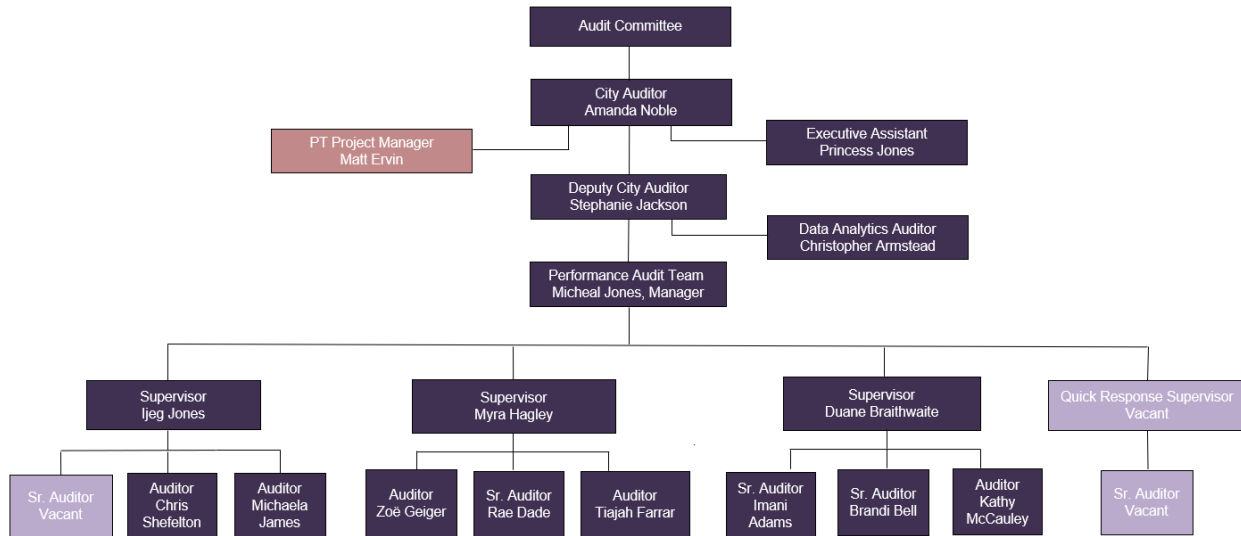
These are the 2 audits released so far in fiscal year 2025.

## AUDITS IN PROGRESS

AUDIT	STATUS
ATL311	Pending response to one recommendation
Moving Atlanta Forward Infrastructure Program 2024 Annual Review	Management review and response
Oracle Time and Labor	Starting technical review
Paid Administrative Leave	Drafting report
Controls Over Fuel Consumption	Drafting report
DWM Contract Amendments, Extensions and Alternative Procurements	Fieldwork
Recycling	Started planning; paused

These are the 6 audits in progress and the one approved for release pending receipt of a response from the Interim Commissioner of Human Resources. We'll be resuming the Recycling audit in November. We will be starting new audits from our FY25 annual audit.

# ORGANIZATIONAL CHART

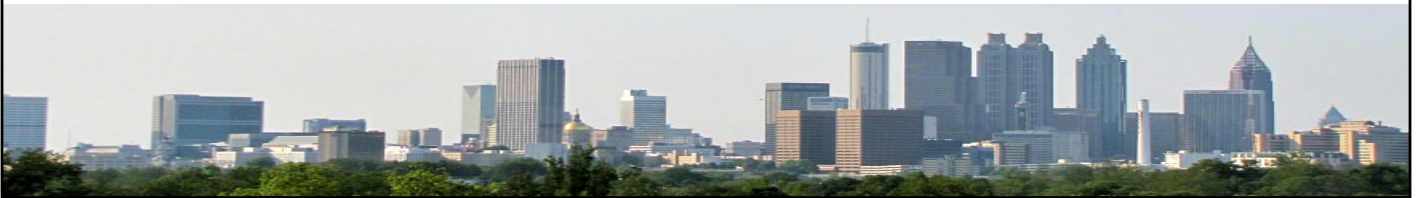


This slide shows our current organizational chart. We are working to fill our vacancies, which include two new positions that were added in FY25 and funded for half the year.





QUESTIONS?



Please feel free to reach out if you have any questions. Thank you.