



# DeKalb County Government

Manuel J. Maloof Center  
1300 Commerce Drive  
Decatur, Georgia 30030

## Minutes - Draft

### FAB-Finance, Audit & Budget Committee

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Tuesday, September 28, 2021

3:30 PM

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*This meeting will be conducted via teleconference (Zoom). Simultaneous public access to the meeting will be available*

*(1) via live stream on DCTV's webpage,*

*(2) on DCTVChannel23.TV*

Attendees: Commissioner Rader, Cochran-Johnson, Terry, Davis Johnson, Bradshaw

Absent: Commissioner Johnson

**Present** 2 - Commissioner Jeff Rader, and Commissioner Lorraine Cochran-Johnson

**Absent** 1 - Commissioner Larry Johnson

Meeting Started At: 3:47 PM

#### I. MINUTES

**2021-3108** Commission District(s): ALL  
Minutes for the September 14, 2021 Finance, Audit, and Budget Committee

**MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be approved. The motion carried by the following vote:**

**Yes:** 2 - Commissioner Rader, and Commissioner Cochran-Johnson

**Absent:** 1 - Commissioner Johnson

**2021-3149** Commission District(s): ALL  
Minutes for the September 23, 2021 Special Called Finance, Audit, and Budget Committee

-Item not heard in Committee

## II. STATUS UPDATE

### Water/Sewer Debt Refinancing

*-Information provided by CFO McNabb*

*-Rader: the 2010 bonds, mature in 2025, so there is a net present value?*

*McNabb: right, net present value savings is low because they are only four years of debt service remaining.*

*-Question Rader: Right, so therefore you can realize more present value savings, because you have a longer term. There is not much incremental costs of bundling a couple of issuances right?*

*-McNabb: Correct, I would not do the 2011 bonds without 2010s. As far as when to do refunding issues, since we are currently planning to do a new money issue in conjunction with the Capital Improvement Plan for Water and Sewer system, our projections show we would probably need new money bonds around the first quarter of next year. Right now we would propose to continue to do the refunding along with the new money issue. I don't think we're in a position to do a public offering on a refunding issue at this point in time; we will be once we're ready to do the new money issue.*

*-Question Rader: There is some preliminary work that needs to be done. We have to have our consolidated annual financial report, which is a necessary prerequisite. We have not yet received that report in this committee*

*-McNabb: We have that ready to send to you*

*-Rader Request report sent to commissioners immediately. After we receive it, we can schedule a presentation from the auditor to review.*

*-McNabb: I will send it after this meeting*

*-Rader: There is also the CAFR and preliminary official statement, and put together a bond syndicate in order to sell the debt on the public market, right?*

*-McNabb: yes. we can either do bonds competitively which would not require syndicate, strictly take bids, and whoever gives the best bid is the winner of the bonds.*

*-Question Rader: Would we lose the benefit of having a financial backer to help lower rates?*

*-McNabb: No, we can talk more about competitive vs negotiated.*

*-Rader: But that is a decision needed and process we would need to undertake before proceed ?*

*-McNabb: Correct. We will have a five year projected plan of finance for water and sewer capital improvements. That plan is currently being worked on.*

*-Rader: What is the timeline on that plan?*

*-COO Williams: Let us get back to you Commissioner*

*-Rader: How late would we have to wait to sell the new debt to make it make sense to independently finance or refinance this prior debt?*

*-McNabb: It's the other way around; we will have to issue the new money bond when we need the money, which we expect in the first quarter. The refunding - the only reason I'd recommend breaking that apart and do separately would be if we did on a private placement basis, while monitoring alternatives. If you do two official statements to go through processing that could raise the cost of issuance by millions.*

*-Question Rader: Is there any scenario by which we could raise new debt without having to undertake a rate change?*

*-McNabb: No, The plan of finance would address all these issues.*

*-Question Rader: Are there any options for us to consider or decide? Will you give us options laid out with analysis for our decision?*

*-McNabb: It's my understanding that the Administration will be making recommendations and the BOC make the decisions. We will try to present as many options as are available.*

*-COO Williams: A lot of the discussion will raise the questions of "for whom and how much?". I could say within two months we could present. What we can do is schedule a CAFR briefing as soon as Mauldin and Jenkins is available, and see if we can get something scheduled on consolidated annual financial report by end of the year.*

## III. DISCUSSION

Audit of Internal Controls Related to Invoice Payment and Cash Disbursement Processes

*-Information provided by CFO McNabb, Interim Director Lockett, Michael Johnson*

*-Question Rader: Out of curiosity why were the audit numbers altered by the clerks?*

*Lockett: From our research, the reports had been populated by data. For example if accounts payable receives an invoice without a purchase order, that invoice goes on the hold report. The vendor may send another invoice with the same numbers; the clerk would need to get that invoice paid. The system would not allow you to pay that invoice because it already has an invoice in the system.*

*-Question Rader: as a matter of curiosity, the second invoice is simply a copy of the first invoice correct?*

*McNabb: Right. Commissioner, what would normally happens that invoice would come in and then the technician would enter the invoice, and that invoice then goes on to the invoices on hold. It won't allow us to put in another invoice with the same number. That's why they would go in and add a letter to the copy of the invoice, because the original was stuck on hold. When the vendors start calling the departments and wanting to know why they haven't been paid, they find out that it's because the department hadn't done requisition.*

*Rader: Don't Vendors know they need a purchase order in order to make a new one?*

*McNabb: No, we have vendors that sell us things without purchasing reports, unfortunately*

*Rader: That seems to be a risk they incur, because clearly our system provides for that preliminary authorization before the requisition is authorized, and then the invoice is the result of the process, right?*

*McNabb: And that's why we don't pay it until we have a purchase order. The duplicated invoices is how they tried to solve the problem in the past.*

*Lockett: As Diane indicated the invoice on hold report was filled with data that was up to 10 years old, so you could imagine the volume of invoices processed by the accounts payable department, trying to find a single invoice. From a technician standpoint it's easier to go in and add a letter to get the invoice processed, especially if the vendor originally sent it before the purchase order was received. It could be well over the 30 day time period they expected to be paid.*

*Rader: That breakdown in the process should have reached the attention of management who had the ability to clean that process up. It seems as though the technician is basically altering the invoice number so they can get it paid, someone is not exercising appropriate oversight in the process. Do you have any information on why management was not addressing the defect in the process and correcting that element?*

*-McNabb: I can't speak to prior management but that has been something we've been working on getting AP reports cleaned up so they have reliable data in them.*

*-Rader: just to clarify then, under your administration there were no altered invoice numbers?*

*-McNabb: No they still have to do it because the other reports are flawed. But we have a solution coming up.*

*-COO Williams: If I can add, the Oracle system was first implemented around 2004, and there were a number of reports that were or were not added and being used for training and the County had gotten by. It wasn't until the appointment of Lisa and Diane to their roles, they were able to really look at the process and assess it.*

*-Question Cochran-Johnson: As it relates to the breakdown that occurred here, do you believe the system can function properly or is it time we look for a better system in general?*

*McNabb: There was a major upgrade to the entire Oracle system in 2014; we haven't evaluated the possibility of moving to another system because we are in the process of replacing the billing system, and implementing a payroll system. For Oracle, it is functioning fairly well; we just are not able to utilize it to its fullest extent.*

*-Cochran-Johnson: 2014 to 2021 is a long time, and a lot has changed in software; but if you all are good with what you have I trust that.*

*Lockett: I agree. From the standpoint of an auditor, that is a long time, just based on the 3 years I've been here I feel like the Technology department is operating extremely well with the limited resources available. There is a risk to not keeping up with technology, if we are years behind we can become a target. I think some of the things identified in this audit speak to the ongoing evaluation and monitoring of controls.*

*-Question Cochran-Johnson: Mr. Williams, what are we doing on an annual basis to keep up with technology changes?*

*-COO Williams: We are breaking down processes independent of the software system, and determining what is the most efficient manner to conduct business and what are the appropriate controls. That will help us determine defects and if we require a new system. Regarding Oracle, it was purchased with a host of capacities that were never implemented and staff has adapted to that over time. At the same time, it could be that the system has become outdated. What we're doing as it relates to accounts payable, is that we've brought in an outside expert to evaluate the system, Mr. Johnson. Mr. Johnson will be able to talk about his experience in dealing with these types of situations, and how he is willing to assist the County in laying out a roadmap to address these issues.*

*-Question Rader: When do you anticipate the system being repaired?*

*-COO Williams: That's one component, and we can go over how we will develop the game plan and timeline. This is also why*

*I think having quarterly discussions on this will help the system. If we can I'd like Mr. Johnson to speak about what he can bring to the table.*

*-introduction of Mr. Johnson by CFO McNabb*

*-information provided by Michael Johnson, partner at Nichols Cauley*

*-Question Rader: What is your timeline to complete this plan?*

*-M Johnson: I'm not far enough into it to give a response; there is not enough information at this point.*

*Rader: Requests COO Williams and Central Staff monitor this plan and bring back when available*

*-Question Rader: We get an annual comprehensive financial statement and audit report; was this identified as an exception in any of our audits as a defect since 2004?*

*-McNabb: No it was not*

*-Question Rader: why do you suppose that was the case?*

*-McNabb: they do not go into that level of depth in auditing, they are looking for material in the financial statements. They don't go as deep as we need into the processes.*

*-COO Williams: I propose that in 90 days we will bring back a progress report; if we have an action plan in 45 days we will provide that prior to. I imagine we will start seeing some results before. Ms. Lockett, is it 6 months from now you'll comeback to audit this?*

*-Lockett: The Audit Oversight Committee have asked we provide updates on outstanding audits at every AOC meeting, we will start to do that. Normal process was after a year we would follow up. Management usually provides us a timeline, so our expectation is that we expect the action plan to be complete within that timeline; we will be checking on the status; once that timeline expires we expect the issue to have been addressed.*

*-COO Williams: we'll provide the reports back to FAB on that*

*-Rader: our staff is working with Ms. Lockett to refine your reporting opportunity here before the FAB committee too. On a periodic basis we would like periodic updates on audit implementation.*

*-Question Rader: We've recently heard of a couple of audits you conducted that were heavily redacted, and my understanding is we would receive individual briefings on those audits... is that correct?*

*-Lockett: yes that is correct. Our standards require that we exercise due diligence when findings could put the organization at risk; we are open to do individual sessions or an executive session to go over the report.*

*-Rader: please ensure Staff is also recipients of those reports, so that staff can facilitate our access to those individual briefings where appropriate when there are redacted reports that are confidential in nature. Members of this committee and BOC, be on the lookout for an offering from Central Staff to receive those briefings on an upcoming basis.*

*-Rader: we look forward to your updates as they come forward.*

#### IV. AGENDA ITEM

*New Agenda Items:*

2021-2899

Commission District(s): ALL

CO - Change Order No. 1 to Contract No. 1151197 for Jail Fire Alarm System Replacement (One-Time Buy): for use by the Sheriff's Office. This contract consists of design, construction and replacement of the fire detection and alarm system for the DeKalb County Jail. Awarded to: Smart Building Systems, Inc. CONTRACT TERM EXTENSION ONLY.

**MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be recommended for approval to the Board of Commissioners, due back on 10/5/2021. The motion carried by the following vote:**

**Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson**

**Absent: 1 - Commissioner Johnson**

*-Information presented by CPO Horner*

*-CPO Horner: This would extend to November 30, 2022. The County jail has been closed a couple of times due to COVID, causing this project to be behind.*

*-Chief Akies: The fire alarm vendors are back on site but it is accurate that services have been suspended on a number of occasions*

*-Question Rader: But you are back on this implementation?*

*-Chief Akies: That is correct*

*-Cochran-Johnson: Mr. Williams, where are we on the status report of the facility?*

*-COO Williams: The Sheriff is the entity who has contracted with CPS, I believe the work is concluded or close to ending.*

*-Sheriff Maddox: We are in the final stages of the study, we have another meeting with CPS to determine what upgrades are needed while we are here.*

*-Chief Akies: We are in those final stages, but we need a new facility; this building is 30 years old and has exceeded its life expectancy. There are some immediate concerns that have to be addressed even if we decide to do a new build the conditions for staff and inmates need to be addressed.*

*-Cochran-Johnson: I look forward to hearing that report from CPS*

Meeting Ended At: 5:00 PM

**MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be adjourned meeting. The motion carried by the following vote:**

**Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson**

**Absent: 1 - Commissioner Johnson**

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Barbara H. Sanders-Norwood CCC, CMC