

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

| | |
|--|------------|
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | Yes |

Noncompliance material to the financial statements noted? **Yes**

Federal Awards

Internal control over major programs:

| | |
|--|----------------------|
| Material weakness(es) identified: | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None reported |

Type of Auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) : **No**

Major program:

U.S. Department of the Treasury
Covid Relief Funds
CFDA #21.019

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? **No**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

Financial Statement Findings

FS20-01 **Criteria:** Agency funds are used to account for resources held by the County, primarily the elected officials, in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition: The bookkeeping function in the agency funds is being conducted without the use of general ledgers in the Probate Court, the Magistrate Court, and Clerk of Superior Court. We noted in the Clerk of Superior Court, there was no complete detail listing that could be provided to support a portion of the balance to whom the amount of funds being held needed to be distributed to as of December 31, 2020. Also in the Clerk of Court, ACH deposits were not receipted & recorded and went undetected. This resulted in an underpayment to other agencies. In these agency funds the controls are not in place to monitor that money collected is distributed in the correct amounts.

Cause: This unknown amount is due to the lack of maintenance of proper subsidiary listings and tracking of receipts and disbursements. Neither were there procedures in place for routine reviews of the reconciling balances on a monthly or annual basis. Therefore, the agency funds were unaware the bookkeeping was not being properly done on a timely basis and errors were occurring.

Effect: Accounting data could be misstated and amounts not disbursed timely.

Recommendation: We recommend general ledger be used by all agency funds and procedures be implemented to require reports be prepared and reconciled on a weekly, monthly, and annual basis. Reviews and monitoring of these procedures on a timely basis should also be implemented.

Response: We agree with the finding. We plan for all agency funds to begin using general ledgers. We are working on reconciling the detail listing to the cash balances and implementing an accounting system that will proper review and monitor our procedures. We will ensure that procedures are clearly conveyed to all employees.

CHATTOOGA COUNTY, GEORGIA
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Financial Statement Findings - Continued

FS20-02 **Criteria:** Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties. With regard to segregation of duties, critical duties can be categorized in four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

When duties cannot be separated, compensating controls should be in place. Compensating controls is an internal control that is intended to reduce the risk of an existing or potential control weakness.

Condition: There is lack of appropriate segregation of duties and a lack of appropriate reviews and approvals of transactions in some offices of the County.

Cause: The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Effect: Without the implementation of the above internal control functions there is an increased risk of the misappropriation of funds.

Recommendation: Procedures be implemented which would provide for improved internal controls in the above areas. It is also recommended these procedures be reviewed periodically on a continuous basis.

Response: We agree with the finding. We are implementing procedures to improve our accounting system as well as separating duties of our employees when possible.

FS20-03 **Criteria:** The gratuity clause in the state constitution restricts the power of governments to grant donations and gratuities.

Condition: Noted a potential violation of the State of Georgia Constitution.

Cause: Work was performed as a part of economic development under the County's direction that may have been a benefit to a private industry.

Effect: The work performed may have been a violation of the gratuities clause.

Recommendation: Officials and employees should be instructed as to what types of projects are allowable for a government to perform. The county attorney should be notified of any areas in question.

Response: We agree with the finding. We will take steps to ensure this type of noncompliance does not occur again.

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
December 31, 2020

| Contracts 2020 - 2025 | Original Estimated Cost | Prior Years | Current Year | Total | Current Non-SPLOST Expenditures on SPLOST Projects |
|-----------------------------------|--|------------------------|-------------------------|---------------------|---|
| Roads and Bridges Projects | | | | | |
| County | \$ 4,708,800 | \$ - | \$ 1,919,693 | \$ 1,919,693 | \$ 658,987 |
| Buildings | | | | | |
| County | 1,569,600 | - | 76,985 | 76,985 | - |
| Water System Improvements | | | | | |
| County | 1,569,600 | - | 148,802 | 148,802 | - |
| Summerville | 3,960,000 | - | 905,439 | 905,439 | - |
| Trion | 1,512,000 | - | 345,713 | 345,713 | - |
| Lyerly | 540,000 | - | 123,619 | 123,619 | - |
| Menlo | 540,000 | - | 120,325 | 120,325 | - |
| Total | \$ 14,400,000 | \$ - | \$ 3,640,576 | \$ 3,640,576 | \$ 658,987 |

Note: Chattooga County, Georgia imposed a special purpose 1% local option sales and use tax with the proceeds limited to funding expenditures for specified water system improvements, building improvements, and roads and bridges projects. This is effective for a six year period from January 1, 2020 through December 31, 2025.