Audit Committee Meeting
Minutes for Tuesday, September 10, 2024 at 8:30 AM
Evans Government Center Auditorium, Evans, Georgia

Present at the meeting included:

Connie M. Melear, Chairman
Donald Skinner, Sr., Vice Chairman
Douglas R. Duncan, Jr., Member
Michael W. Carraway, Member
Alison G. Couch, Member
County Manager Scott Johnson
Deputy County Manager Glenn Kennedy
Deputy County Manager Matt Schlachter
County Attorney Chris Driver
County Clerk Patrice R. Crawley

Division Directors:
Leanne Reece - Internal Services
Paul Scarbary - Development Services
Kyle Titus - Engineering Services
Scott Sterling - Planning Services
John Luton - Community Services
Chief Jeremy Wallen - Fire Services
Michael Blanchard - Technology Services
County Staff
Members of the Media and Public

A. CALL TO ORDER
Chairman Melear called the meeting to order at 8:30 AM.

B. INVOCATION
Chairman Melear gave the invocation.

C. PLEDGE OF ALLEGIANCE
County Manager Johnson led the Pledge of Allegiance to the American flag and the Georgia flag.

D. ROLL CALL / QUORUM
Chairman Melear declared a quorum with five members present.

E. APPROVAL OF THE MINUTES OF PREVIOUS MEETING

(E1) June 11, 2024
Member Couch made a motion to approve the minutes from the June 11, 2024 Audit Committee meeting. Chairman Melear seconded the motion. The motion carried unanimously.

F. APPROVAL OF THE AGENDA
Chairman Melear presented the agenda.

G. DEBATE AGENDA

(G1) New Business

(G1a) Management Services

(G1a1) Draft Reports

(G1a1a) Building Standards
John Snider from Serotta Maddocks Evans & Company presented the committee with the Building Standards draft report.

(G1a2) Internal Audit Update

(G1a2a) September Internal Audit Update
Mr. Snider stated that audits have started or are being finalized for Magistrate Court, Probate Court and another group of selected hotels/motels for Lodging Tax.

H. COMMISSIONERS' AND PUBLIC COMMENTS AND PARTICIPATION

I. ADJOURNMENT
Chairman Melear adjourned the meeting at 8:40 AM.

Connie M. Melear, Chairman

Patrice R. Crawley, County Clerk

COLUMBIA COUNTY, GEORGIA
BUILDING STANDARDS DEPARTMENT
INTERNAL AUDIT

TABLE OF CONTENTS

Michelle Bennett, CPA
Rick L. Evans, CPA
E.J. Maddocks, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA

Abram J. Serotta, CPA
Joel R. Stewart, CPA
Andrea Usry, CPA
David Ussery, CPA
Paul Wade, CPA

sme
cpa

Members of Audit Committee
Board of Commissioners
Columbia County
Evans, Georgia

We have performed consulting services for Columbia County (the "County") relating to the evaluation of certain internal controls and operating procedures of the Building Standards Department's collection of funds, compliance with County requirements for expenditure of funds, and other general operating policies and procedures. Columbia County's management is responsible for the Department's internal controls and operating procedures. The evaluation procedures were those approved by the County. Our analysis and report do not include evaluating all internal controls over the Building Standards Department.

The sufficiency of these procedures is solely the responsibility of the Audit Committee and management of the County. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are outlined throughout this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements, or an element of a financial statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Audit Committee and management of the County and should not be used by anyone other than the specified parties.

We would be pleased to review these and any other matters further with you.

Serotta Maddocks Evans & Co.
SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia
September 10, 2024

INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:
- Obtain an understanding of the County's internal control system for the Building Standards Department relating to the collection of funds, compliance with County requirements for the issuance of various building permits, expenditure of funds, and the Building Standards Department's adherence to internal policies and procedures.
- Design and execute tests of the policies and procedures for monitoring collection of funds, compliance with County requirements for the issuance of various building permits, expenditure of funds, and adherence to internal policies and procedures.
- Determine if there are adequate controls to provide a reasonable assurance that the County's assets are being properly safeguarded and errors or irregularities can be prevented or can be detected in a timely manner.
- Make recommendations to the County based upon our understanding of the internal control system and as a result of our testing of those internal controls.

SCOPE

Our internal audit scope was limited to the Building Standards Department and the evaluation of certain internal controls and operating procedures of the Building Standards Department's collection of funds, compliance with County requirements for the issuance of various building permits, expenditure of funds, and other general operating policies and procedures. The internal audit focused primarily on the period July 1, 2023 through January 14, 2024, but certain analyses may have been performed outside of this time period. Specific scopes and time frames of testing are stated within the procedures and results section of this report, as identified in the table of contents.

Our testing focused on the following areas:
- Inquiries and Observations
- Permits Testing
- Expenditures
    - Purchase Requisitions
    - Purchase Card Transactions
- Miscellaneous Items
    - Timesheets
    - Petty Cash and Change Funds
    - Receivables

METHODOLOGY

Our internal audit methodology included the identification, evaluation, and testing of internal controls as they relate to the areas identified in the scope above. General internal audit procedures included:
- Interviewing Building Standards Department personnel.
- Observing operations and conducting walk-through interviews.
- Testing documentation for entering purchase requisitions, purchase card transactions, cash collections, employee timesheets, general ledger entries and data, Munis reports, and other applicable data and documentation.

SUMMARY OF INTERNAL AUDIT RESULTS

Inquiries and Observations

- We noted no exceptions.

Petty Cash and Change Funds

- We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.

Receivables

- We noted $5,030 (45%) of the $11,260 balance in accounts receivable was greater than 120 days aged.

Building Permits Testing

- We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.

New Single-Family Home Plan Review and Inspections

- We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.

Purchase Requisitions

- Of the ten purchase requisitions selected for testing, one purchase did not have an approval by management. All other purchase requisitions met expectations.

Purchase Card Transactions

- We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.

Timesheets

- We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.

Inquiries and Observations

Background and Procedures
We made various inquiries and observations of the Building Standards Department.

Observations
We reviewed the different certifications required to complete inspections. Per The Department Manager, the only required certification is the Residential Building Inspector for solo inspections. Once this certification is achieved, the building inspector can perform other inspections where he does not hold an official certification as long as the inspector has sufficient equivalent work experience. This experience is determined by the director or building official. Additional certifications are not required to be obtained in any specific order or time frame, but pay grades reflect certifications achieved. The County may require an inspector to obtain certain certifications to meet current or future departmental needs.

Petty Cash and Change Funds

Background and Procedures
The Building Standards Department maintains only one petty cash fund in the amount of $150. The Department Director's Administrative Assistant is the custodian. She reconciles the petty cash funds using the County's petty cash reconciliation sheet. The petty cash reconciliation sheet, with all receipts, is forwarded to the Finance Department for reimbursement.

Cash collections are received by clerks in the front office of the Licensing and Permits Department. Each clerk of the Licensing and Permits Department maintains a change fund for receiving any cash payments. These funds are maintained at $150. At the end of each day, each clerk is required to remit cash payments received and reduce their cash on hand back to the required $150. Also at the end of each day, clerks are required to submit a count sheet when they remit their cash.

Testing
We asked the petty cash custodian to show us the cash on hand and receipts for cash disbursements. We observed the custodian count the cash, count the monetary value of the receipts retained for cash disbursed, and reconcile the cash to the schedule of petty cash funds we received from the Finance Department.

We requested to observe cash counts for all clerks who maintain change funds. Each clerk maintains $150 in change funds and will count down to that amount on days cash is received. On February 29, 2024, we observed four clerks count his or her change fund noting the amount was $150.

Results
We noted no exceptions in testing. Controls appear to be functioning properly.

Receivables

Background and Procedures

The Building Standards Department uses the general billings module in Munis. When a re-inspection is required to be performed, a re-inspection fee is charged. The bills are mailed monthly by the department.

The Licensing and Permits Department manages all aspects of invoicing, such as entering the fees within Munis, creating the invoices, posting the invoices to Munis, mailing the invoices, collecting all fees, and forwarding the collections to the Finance Department. The County does not charge contractors for inspections, such as electrical or plumbing inspections. A re-inspection is scheduled in the event that the contractor does not pass inspection. The County does charge for performing re-inspections.

The re-inspection fee is entered into the billings module of Munis and customers are invoiced monthly for outstanding re-inspection fees. Certificates of occupancy will not be issued for commercial projects until the contractors have paid all re-inspection fees. Residential certificates of occupancy are not issued until all re-inspection fees associated with the building are paid in full. All invoices for residential and commercial contactors are due 15 days from the bill date shown on the invoice. If full payment is not received within 45 days from the billing date, no additional permits are issued and inspections for active permits are placed on hold until all items billed are paid in full.

Testing

We obtained an aged summary of accounts receivable as of February 1, 2024 for re-inspections billed. We calculated the percentage of total receivables in each of the aging categories and inquired about the age of receivables in order to assess collectability.

Results

We noted that $5,030 (45%) of the $11,260 balances in the currently due/past due report were greater than 120 days aged, as of February 29, 2024, the day of field work. There are a total of 78 different invoices and approximately 19 of these invoices were included in the previous audit.

Upon inquiry with management, it was clarified that invoices are not considered late until 45 days after the due date. Columbia County has decided to enforce inspection fees for first re-inspection for both commercial and residential clients, whereas in the past, they waived this fee. The fee to re-inspect is $50. The County will not issue a Certificate of Occupancy for commercial contractors or residential contractors if there is a past due balance for reinspection fees. Since re-inspections can occur before the invoices are considered late, the building standards department has observed an increase in first-time re-inspection fees going unpaid. Management noted that they maintain old receivable balances in the event the contractor returns for future work in the County. Overall, the amount of receivables is immaterial to both the department and the county as a whole.

Receivables (continued)

Recommendation
We recommend that Management continue to monitor the balance of re-inspection receivables in order to ensure compliance with building standards policies and procedures. We also recommend that Management consider collection procedures for any large past due balances and develop a policy for writing off accounts deemed uncollectable.

Management response

The department's policies tend to keep our repeat contractors in check, as their accounts will show a hold for past due invoices prior to the issuance of a CO and will eventually be paid. After reviewing the accounts in question, we realized that a very large percentage of them where "homeowner" permits. These accounts tend to be more difficult to rectify with our standard practices due to the fact that they are typically a "one and done" type client and seldom have the need or knowledge to request a CO or COC for the project. We are implementing a different methodology for collecting fees for these type permits after seeing this data, i.e. collecting any re-inspection fees incurred before the next inspection can be scheduled as opposed to the standard monthly invoicing. Although this will not completely solve the problem, we feel it will drastically reduce the unpaid invoices in the future.

Building Permits

Background
Requests for building permits come to the Building Standards Department from the permit email address or in-person office requests. Building permits are required for new construction, additions, alterations, repairs, and demolition. Once permit requests are received by the Building Standards Department, they reply to customers and tell them they will hear back within ten days. An employee assigns the permit request an application number within Munis and creates a transmittal letter. This transmittal letter is routed to various departments throughout the County for their approval. The departments vary depending on the nature of the permit request, but all approved permit requests must be accompanied by a site/plot plan before final approval by Building Standards.

Once approved, the file is scanned into Munis and a permit placard is granted to the contractor. Subsequent inspections depend on the nature of the permit.

Testing
From the file of approved permits between April 1, 2023 and January 31, 2024, we selected six approvals for items other than new single-family construction and solar panels. We verified that these all had a transmittal form, approval from the Planning Services Division, approval from the Building Standards Department, an attached Building Permit Application, and an attached site/plot plan.

Results
Controls for building permits appear to be functioning properly. No exceptions noted as a result of our testing.

New Single-Family Home Plan Review and Inspections

Background

The process for building a new single-family home begins with the building permit process and plan review process. In addition, there is a standard multi-step inspection process for all new single-family homes. County employees inspect and re-inspect the building multiple times throughout the construction process to make sure it is built in accordance with the International Residential Code. Any failed inspections result in re-inspections, and multiple re-inspections may incur a fee for the contractor. Unless there is a re-inspection fee, all fees are included in the initial permit fee.

All inspections must be passed before the final inspection can be performed. After the final inspection has been passed, the County will grant a Certificate of Occupancy for the property and the entire inspection process is complete.

Testing

From the file of approved permits between April 1, 2023 and January 31, 2024, we selected six approvals for new single-family homes. We verified that these all had a transmittal form, approval from the Planning Services Division, approval from the Development Services Division, an attached Building Permit Application, and an attached site/plot plan. Additionally, we verified that all inspections performed showed either a pass or fail, and all failed inspections had a reinspection performed or listed as required to be performed. For homes where a Certificate of Occupancy had been issued, we verified that the final inspection had been passed.

Results

Controls for new single-family homes appear to be functioning properly. No exceptions noted as a result of our testing.

Purchase Requisitions

Background and Procedures

Purchases up to $5,000 are allowed by employees authorized to purchase goods and services on behalf of the County. Invoices for these purchases require the approval signature of the employee's supervisor. Purchases between $5,000 and $25,000 require a quote sheet with three to five price quotations attached. Purchases over $25,000 require a request for proposal (RFP)/bid and are processed through the Procurement Department.

Tiers are established within Munis for the approval of purchase requisitions. The signature process is performed electronically in Munis. Each person must approve the purchase requisition before it is converted to a purchase order by the Procurement Department.

Testing

We obtained a listing of all expenditures for the time period July 1, 2023 to December 31, 2023. We selected ten expenditures from the period to test. For each expenditure, we examined the related requisition for proper approval in Munis. For expenditures over $5,000, we observed price quotes, bids, or documentation that this was a sole-source provider or an emergency. We also examined the purchase orders for proper approval. We then verified that the payment amount matched the payment due on the invoice received.

Purchase Requisitions (continued)

Results
We noted that one of the ten purchase orders selected for testing, the Division Director's signature was not included on the check request form. The expenditure was a $269 reimbursement for uniforms.

Recommendation
We recommend that Management consistently follows its internal control procedures concerning documentation of approval of expenditures.

Management response

This appears to be an oversight on our end. Typically if this were to happen, the document would have been kicked back to us to make the correction and re-sent. We have addressed within, the importance of verifying all documents are properly completed prior to being sent out.

Purchase Cards

Background and Procedures
The County has a purchase card program which is used to eliminate the need for small dollar purchase requisitions. The purchase card program utilizes the same dollar thresholds as the purchase requisition/order system along with the same approval process.

Purchase card transaction records are maintained electronically by Elan, a third-party payment processor. On a daily basis, the Procurement Department downloads a transaction record from Elan's website and imports the records into Munis. The expenses are initially recorded in Munis as uncategorized and maintained in a temporary holding account on the general ledger. When the transactions are imported into Munis, a designated individual within each department receives a notification that new transactions were entered that require coding and approval. At this point, the designated coders upload the receipts for each transaction and enter a line code corresponding with the nature of the expenditure. Once the receipts have been uploaded and all expenditures have been coded, the statement is released for approval by the cardholder's supervisor within Munis. On a biweekly basis, the Finance Department reconciles the charges back to a billing cycle statement provided by Elan and notifies the departments if there are any uncoded or unapproved transactions. Once all coded and approved charges have been reconciled to the statement, the purchase card transactions are posted to the general ledger as expenditures by the Finance Department Manager.

Purchase Cards(continued)

Testing
We obtained a listing of all Building Standards Department employees with a purchase card from the Finance Department and selected three statements during August 2023, October 2023, and December 2023.

We verified that all transactions on these statements had supporting receipts scanned into Munis, were for County use, had been properly approved by the cardholder's supervisor, and had been properly coded to the correct expense object. For expenses over $5,000, we verified that the County's Purchasing Policy was followed.

Results
Controls for purchase card testing appear to be functioning properly. No exceptions noted as a result of our testing.

Timesheets

Background and Procedures
The Building Standards Department uses the standard County time keeping procedures. Non-exempt employees complete electronic timesheets for each payroll cycle. Exempt employees are not required to maintain a daily time sheet and are only required to complete leave request forms for personal time off requests. Once all time is entered in the Munis system, the Munis report is forwarded to the finance department.

Testing
We obtained timesheets for the payroll periods ending January 13, 2024 and February 10, 2024 from the Finance Department along with a copy of the payroll register. The payroll register is created from the time sheets. We verified that the correct number of hours was used to compute payroll during the pay period. We compared the payroll register to the direct deposit report or cancelled check to verify that the employee pay matched the amount that was calculated from the hours on the timesheet.

Results
We noted no exceptions to the items selected for testing. Controls appear to be functioning properly.