Audit Committee Meeting
Minutes for Tuesday, December 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, Member
Michael W. Carraway, Member
Alison G. Couch, Member
County Manager Scott Johnson
Deputy County Manager Glenn Kennedy
Deputy County Manager Matt Schlachter
County Clerk Patrice R. Crawley

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

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

B. INVOCATION
Chairman Melear gave the invocation.

C. PLEDGE OF ALLEGIANCE
Chairman Melear led the Pledge of Allegiance to the flag.

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

E. APPROVAL OF THE MINUTES OF PREVIOUS MEETING

(E1) September 10, 2024
Member Duncan made a motion to approve the minutes from the September 10, 2024 Audit Committee meeting. Member Couch 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) Fiscal Year 2023/2024 Audit Results Summary
Bonnie Cox from Cherry Bekaert presented the summary of the Fiscal Year 2023/2024 Audit Results.

(G2a1) Draft Reports
John Snider from Serotta Maddocks Evans & Company presented the committee with the following draft

reports: Performing Arts Center, Probate Court and Lodging Tax Audit of Property Management Companies.
Each of the draft reports is attached to the minutes.

(G1a2) Internal Audit Update
Mr. Snider stated that Magistrate Court and Water Utility audits have started.

H. COMMISSIONERS' AND PUBLIC COMMENTS AND PARTICIPATION

I. EXECUTIVE SESSION

J. ADJOURNMENT
Chairman Melear adjourned the meeting at 9:07 a.m.

Connie M. Melear, Chairman

Patrice R Crawley
Patrice R. Crawley, County Clerk

COLUMBIA COUNTY, GEORGIA
PERFORMING ARTS CENTER
INTERNAL AUDIT

TABLE OF CONTENTS

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 Performing Art Center's (the "Center") policies and procedures. Columbia County's management is responsible for the Center'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 Center.

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, results, and recommendations 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., CPAs

Augusta, Georgia
December 10, 2024

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INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:

- Obtain an understanding of the County's internal control system for the Center relating to the daily operations and procedures including:
    - Ticket and venue sales and revenue recognition
    - Expenditures and expenditure codification
    - Inventory processes and recordkeeping
- Design and execute tests of the policies and procedures for the various areas of the Center such as receiving payments for various events hosted at the Center.
- Determine if there are adequate controls to provide 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 Performing Arts Center and internal controls relating to the adherence to policies and procedures. The internal audit focused primarily on the period January 1, 2024 to August 31, 2024 but certain analyses may have been performed outside of that time period. Specific scopes and time frames of testing are stated within the body of this report, as identified in the table of contents.

The Performing Arts Center hosts performances and provides spaces available for rental to members of the community for various events.

Our testing focused on the following areas:

- Collection, deposit, and reconciliation of concessions, event rentals and other miscellaneous revenues;
- Expenditures including purchase requisitions and purchase card transactions;
- Other operational items such as employee timesheet procedures, inventory management, bank and merchant card reconciliations and cash handling procedures.

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 the Center's personnel;
- Conducting inventory counts with Center personnel;
- Observing operations and conducting walk-through interviews; and
- Testing documentation such as purchase requisitions, purchase orders, purchase card statements, the Center's employee timesheets, general ledger entries and data, MUNIS reports and other applicable data and documentation.

- **Deposit Testing**
  - Event Rentals
    - Per inquiry of Management, a physical folder containing all relevant documents is maintained for each event. Of the 19 event rentals we tested, the settlement statement was not included in the rental event folder for 16 events. However, we viewed electronic copies of all 16 of these settlement statements. Additionally, one signed certificate of liability could not be located.
  - Concessions
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management regarding concessions.
  - Box Office Sales
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management regarding box office sales.

- **Inventory Counts**
  - Of the 20 items tested, we noted 17 items with higher actual amounts on hand than the amounts reported on the inventory detail and 1 item with less on hand than reported in the detail.

- **Purchase Requisitions**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Purchase Card Transactions**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Timesheets**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **General Inquiries and Observations**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

BACKGROUND AND PROCEDURES,
TESTING, AND RESULTS

<u>Deposit Testing</u>

<u>Background</u>
Event Rental Payments - The Center receives funds from promotors and other community members for space rentals. The spaces available for rent are as follows: main lobby, museum, Windsor room and theater. For event space rentals, the administrative assistant receives the deposit and enters the transaction into Civic Rec. Cash and check payments are sent to the Finance Department for deposit into the "PAC Concessions and Rentals Bank Account" while credit card payments are processed through Civic Rec and deposited into the same bank account.

Concessions Receipts - The Center runs multiple different concession stands for performances and events held throughout the year. The Center has four concession stands that sell a variety of items from alcoholic beverages, sodas, and snacks. The department currently uses the Clover point of sale system to process the transactions and adopted this system during the period under examination. The Food & Beverage manager is in charge of running the concession stands for each event. Due to the number of events held during the year that use the concession stands, a 3rd party staffing agency is used to fill bartending positions for the events.

Box Office Sales – The Center sells tickets for events through Ticketmaster. Tickets sold online are paid out by Ticketmaster to the ticketing bank account and are kept in a holding accounting until the event is settled with the event organizer. Tickets sold at the box office also run through Ticketmaster and are held in a holding account until the event is settled.

<u>Testing</u>
Event Rentals - We obtained the listing of event rentals for the time period of July 1, 2023 through June 30, 2024. From the listing we haphazardly selected 25% of the total event rentals for that time range, making sure to test at least one per rental location. This gave us a sample of 19. We tested these selections for the following attributes:

- The licensing agreement was signed and a certificate of liability by the renter was available;
- The settlement statement at the end of the event is accurate with the final payment, or receipt of cash being paid or received in a timely manner;
- The amount selected from the listing agreed to the general ledger maintained by the Finance Department and was traced to the bank statement; and
- The fees charged to the event agreed to the approved fee schedule

Concessions Receipts - We obtained the listing of events that included concessions for the attendees from July 1, 2023 through June 30, 2024. From the listing we haphazardly selected 15 days of events. We tested the selections for the following attributes:

- The end of day reports provided by Touchbistro or Clover agrees to the department's concession reconciliation sheet and the bartenders end of event cash count sheet;
- The cash and credit card payments made are traceable to the bank statement; and
- The end of day payment amounts were properly entered into the general ledger by the Finance Department

Box Office Sales - We obtained all Ticketmaster reports for the date range July 1, 2023 through June 30, 2024. We judgmentally determined to test five months of box office sales as the reports are broken down by date, not by event. We tested the selections for the following attributes:

- The Ticketmaster sales and revenue reports amounts were deposited into the Centers' ticket bank account;
- The Ticketmaster consolidation sheet agrees to the Ticketmaster reports and bank statements; and
- The Ticketmaster sales were properly entered into MUNIS

<u>Results</u>

Event Rentals - Per inquiry of Management, a physical folder containing all relevant documents is maintained for each event. Of the 19 event rentals we tested, the settlement statement was not included in the rental event folder for 16 events. However, we viewed electronic copies of all 16 of these settlement statements. Additionally, one signed certificate of liability could not be located.

Concessions Receipts - We noted no exceptions in our testing.

Box Office Sales - We noted no exceptions in our testing.

<u>Recommendations</u>

We recommend the department retain all signed certificates of liability insurance and settlement statements in the rental event folders in accordance with department document retention policy. Alternatively, the department may consider revising the procedures to accommodate for appropriate electronic document retention to simplify their completion and prevent mistakes.

<u>Management's Response</u>

We plan to prioritize keeping all documentation digitally as our primary means of retention. We will still have some paper documents kept as needed in Event Folders but 100% will be keep in our digital files.

Regarding the missing COI, we have reached out to the Promoter for the document and they have provided their payment receipt and insurance binder but not the required COI yet.

<u>Inventory Counts</u>

<u>Background and Procedures</u>

The Performing Arts Center does not maintain a perpetual inventory of beverages and food items. The Food and Beverage Manager of the department uses an Excel spreadsheet to track drink and snack inventory in the concession stands located throughout the Performing Arts Center. The locations where items are stored during the day include the four different bars, upstairs and downstairs kitchens, backstage, museum, coke coolers, and the liquor closet. The detail is broken down by individual item. The inventory detail is updated by manual count at least monthly with 'rough counts' performed after each event or set of events when there are multiple back-to-back events. Inventory purchase records are maintained by the Food and Beverage Manager to determine reorder points.

Testing
We obtained an updated inventory spreadsheet on the day we performed the inventory count on October 21, 2024. We selected ten items to count from the inventory detail sheet to the storage location. Then we selected ten items from the storage location and found them on the inventory sheet.

Results
Of the 20 total items tested, we noted 17 items with higher actual amounts on hand than the amounts reported on the inventory detail and 1 item with less on hand than reported in the detail.

Recommendations
We recommend the department develop and implement stronger inventory procedures and controls. We recognize that there are inherent limitations to inventory control procedures due to the nature of the inventory and the Performing Arts Center's operations and that any processes implemented should take this into account.

Management's Response
Inventory was given to Auditors on October 17 but deliveries were made on October 18 and October 21 for the 6 concessioned events from October 18-October 26. This is the reason the counts were higher than the inventory given on October 17.

Purchase Requisitions

Background and Procedures
Most operating expenses of the Center are for staffing, advertising, and concessions. When the invoice arrives, the invoice is entered into Munis per County standard policies by the Administrative Assistant or the Manager responsible for the purchase. All purchases up to $4,999 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 $24,999 require a quote sheet with three to five price quotations attached. Purchases over $24,999 require a request for proposal (RFP)/bid and are processed through the Procurement Department.

There are tiers 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 can be converted into a purchase order by the Procurement Department and printed from the system.

Testing
We obtained the purchase order detail from Munis for the time period of January 1, 2024 to August 31, 2024, and made fifteen selections from the detail. We examined the related purchase requisitions and purchase orders for proper approval. We verified that the payment amounts matched the payments due on the invoices. We verified the cancelled checks for proper amount and payee. We verified that written quotes or bids were solicited and documented when appropriate for the amount of the purchase.

Results
We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Purchase Card Transactions

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.

Testing

We obtained a listing of the purchase card statements from the Finance Department. We selected ten statements from January 1, 2024 to August 31, 2024 and viewed support in Munis at the Finance Department. We observed the original receipts scanned into Munis and proper approval. We determined the charges were for County use. We further observed the coding was appropriate in Munis.

Results

We noted no exceptions in our testing.

Timesheets

Background and Procedures

The Performing Arts Center 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 and direct deposit reports for the pay periods ending January 7, 2024, and July 13, 2024 from the Finance Department along with a copy of the payroll register. The payroll register is created from the timesheets. We verified that the proper 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 was paid the amount that was calculated from the hours on the timesheet.

<u>Results</u>
We noted no exceptions in any of the items tested.

General Inquiries and Observations

<u>Background and Procedures</u>
The Center maintains two cash safes on site. One is in the General Manager's office and the other is in the box office. The General Manager has access to both safes, while the Food & Beverage Manager only has access to the safe in the General Manager's office, and the Box Office Manager only has access to the box office safe. The safe in the General Manager's office holds $9,750. $250 is for petty cash and the remaining $9,500 are for the cash registers at the concession stands. The $9,500 consists of 19 $500 cash bags. Each bag represents the starting cash balance for the concession's registers.

<u>Testing</u>
We viewed the General Manager unlocking both safes and pulling out the cash bags. Under the supervision of department personnel, we counted all cash held in the box office and General Manager's safe. The results were tracked on a cash count sheet that were signed by the General Manager at the end.

<u>Results</u>
We noted no exceptions in our cash counts.

COLUMBIA COUNTY, GEORGIA
PROBATE COURT
INTERNAL AUDIT

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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 Probate Court's submission of fees and judgments to the appropriate recipient along with other general operating policies and procedures. The County's management is responsible for the department's accounting records, 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 Probate Court.

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, results, and recommendations 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.
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Augusta, Georgia
December 10, 2024

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INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:

- Obtain an understanding of the County's internal control system for operations of the Probate Court including:
    - Collection and remittance of fees and judgments
    - Other daily operations
- Design and execute tests of the policies and procedures of the Probate Court for purchase requisitions/orders, purchase card transactions, and timesheets for County employees.
- Determine if there are adequate controls to provide 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 Probate Court and the evaluation of certain internal controls and operating procedures of the Probate Court's collection and remittances of fees, safeguarding of funds, and adherence to policies and procedures. The internal audit focused primarily on the time of May 1, 2023 to January 31, 2024; but certain analyses may have been performed outside of that time period. The 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 within the four divisions of the Probate Court: Civil, Vital Records, Licensing/Permit, and Criminal:

- Inquiries and Observations
- Monthly Remittances
- Bank Reconciliations
- Traffic Escrow Accounts
- Expenditures
    - Purchase Requisitions
    - Purchase Card Transactions
- Miscellaneous Items
    - Timesheets
    - Cash Receipts

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 Probate Court personnel
- Observing operations and conducting walk-through interviews
- Testing documentations such as receipts, remittances, general ledger entries and data, Case Management and QuickBooks reports, and any other applicable data

SUMMARY OF INTERNAL AUDIT RESULTS

Bank Reconciliations

- We noted the reconciled balance per the reconciliation (“register balance” in QuickBooks) did not agree to the trial balance for all four accounts for multiple months tested. Of the 12 reconciliations tested, the register balance did not agree to the trial balance 11 times. The differences varied from $234 to $1,059,450.
- We noted several aged outstanding checks and deposits in transit. Some of these reconciling items date back to 2011.
- We noted that the review process for reconciliations was not consistently documented for each bank reconciliation tested.

Monthly Remittances

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Traffic Escrow Accounts

- We requested a list of the cash bonds being held by the Probate Court. The amount of cash bonds being held should agree to the bank balance at any given point. Management provided us with a detailed spreadsheet used for tracking cash bonds on a monthly basis. We analyzed this spreadsheet and noted that the Probate Court is tracking changes in cash bonds in detail, however we could not tie the amount of cash bonds in total to the reconciled bank balance.

Purchase Requisitions

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Purchase Cards

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Timesheets

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Cash Receipts

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

BACKGROUND AND PROCEDURES, TESTING, RESULTS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

Bank Reconciliations

Background and Procedures
There are four active bank accounts – one civil account, one criminal account, one juvenile account and one escrow account. All bank accounts are reconciled by the Chief Clerk of Court using QuickBooks and reviewed by the Probate Judge quarterly.

Testing
We obtained bank reconciliations for all accounts for the months of May 2023, September 2023 and January 2024. We tested the bank reconciliations for the following items:

- Bank balance on the reconciliation agrees to the ending balance per the bank statement for each account;
- Reconciled bank balance on the reconciliation agrees to the trial balance amount for each period;
- Bank reconciliation is mathematically accurate (i.e. the reconciliation foots and cross foots);
- Outstanding deposits over a month old and outstanding checks over six months old; and,
- There is visible evidence of management's review of the reconciliation.

Results
We noted the reconciled balance per the reconciliation ("register balance" in QuickBooks) did not agree to the trial balance for all four accounts for multiple months tested. Of the 12 reconciliations tested, the register balance did not agree to the trial balance 11 times. The differences varied from $234 to $1,059,450.

We noted several aged outstanding checks and deposits in transit. Some of these reconciling items date back to 2011.

We noted that the review process for reconciliations was not consistently documented for each bank reconciliation tested.

Recommendations
Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. The causes of unreconciled differences should be determined and corrected.

We recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by Probate Judge or someone designated by the Probate Judge.

Management Response
We have attempted to correct these old entries several times, but when we do, it changes our current balances. We need someone to help us clear up this issue. Judge Padgett has asked for help with this issue in the past and has not been able to resolve it.

Traffic Escrow Accounts

Background and Procedures
Fiduciary agency funds are used to account for resources held by the County 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 in the bank.

Testing
We inquired of management about the activity in the Traffic Escrow Account.

Results
The purpose of the escrow account is to hold bonds until the "defendant's" court date. Typically, if the defendant appears in court, the funds are returned to the guaranty (person paying the bond). If the defendant does not appear in court, the Judge has discretion on how these funds are appropriated. Therefore, these funds are in escrow until the defendant's court date.

We requested a list of the cash bonds being held by the Probate Court. The amount of cash bonds being held should agree to the bank balance at any given point. Management provided us with a detailed spreadsheet used for tracking cash bonds on a monthly basis. We analyzed this spreadsheet and noted that the Probate Court is tracking changes in cash bonds in detail, however we could not tie the amount of cash bonds in total to the reconciled bank balance.

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.

There are 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 April 1, 2024 to September 30, 2024. We haphazardly selected fifteen expenditures from the list provided. For each expenditure, we examined the related requisition for proper approval in Munis. We also examined the purchase orders for proper approval. We then verified that the payment amount matched the payment due on the invoice received.

Results
We noted no exceptions in testing purchase requisitions/orders.

Purchase Card Transactions

Background and Procedures

The County has a purchase card program that is used to eliminate the need for small dollar purchase requisitions. The purchase card program utilizes the same dollar thresholds as the purchase requisition 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, the Senior Accountant receives a notification that new transactions were entered that require coding and approval. The Department Manager reviews and approves the physical copies of each receipt. When all charges have been approved and reconciled to the statement, the Senior Accountant uploads the receipts to Munis and codes the expenditures. 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.

Testing

We obtained a listing of all Probate Court staff who were issued a purchase card by the Procurement Department. The Judge is the only staff who maintains a purchase card for daily use.

We obtained the purchase card print management statements for the months of May 2023, September 2023, December 2023, and June 2024 from the Procurement Department. We observed the original receipts attached to the Statement Manager Report and verified proper approval. We determined the charges were for County use. We further observed the line code for each of the expenditures was included on the Statement Manager Report. We observed that the Statement Manager Report was provided to the Procurement Department.

Results

We noted no exceptions in testing purchase card transactions. Controls appear to be functioning properly.

Timesheets

Background and Procedures
The Probate Court 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 May 11, 2023 and November 22, 2023 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 the check to verify that the employee pay matched the amount that was calculated from the hours on the timesheet.

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

Cash Receipts

Background and Procedures
The Probate Court has four divisions: Civil, Vital Records, Licensing/Permit and Criminal. The following types of payments are received for each:

- The Civil Division is responsible for all types of estate matters which include administrations, guardianships, year's support proceedings, and all proceedings related to probate matters.
- The Vital Records Division issues and records all marriage licenses and is the registrar and custodian of all birth and death records. The Probate Court issues vital records based on information received from other agencies. The Probate Court forwards these records to the state to be recorded there, then permanently stores them as part of the Probate Court’s records.
- The Licensing/Permit Division issues Georgia Weapons Carry Licenses and Peddler's Licenses. Once a citizen applies for one of the licenses/permits, a background check is processed to determine whether or not the Court can issue the license/permit to the applicant.
- The Criminal Division handles traffic citations issued by the Columbia County Sheriff's Department, the Georgia State Patrol, the Georgia Department of Transportation, the Public Service Commission, and the Department of Natural Resources.

All employees can receive and enter funds into the case management system; however, each employee must reconcile their drawers/cash at the end of each day. Funds are received through the computer system (Criminal Justice Technologies). The Criminal Justice Technologies system is not integrated with Munis. The Criminal Justice Technologies system generates two receipts: one for the payee and one for the Court which is retained within the computer.

Cash Receipts *(continued)*

Background and Procedures (continued)
For traffic tickets, the ticket is stapled to the receipt. When payments are mailed to the Court, the Court only sends a receipt via mail or fax to the payee if requested.

Criminal Bond Payments are not reconciled to any particular receipt report.

Per the Probate Judge, the Probate Court does use online banking. The Judge and Bookkeeper have access to online banking. Cash is maintained in the vault.

Testing
We reviewed the deposit detail from the QuickBooks general ledger for the months of June 2023, September 2023 and February 2024. We agreed the deposits for the Civil and Criminal accounts to the bank statements.

Results
We noted no exceptions to any of the items that were tested. Per the results of our testing, internal controls appear to be functioning properly.

COLUMBIA COUNTY, GEORGIA
LODGING TAX INTERNAL AUDIT
OF SELECTED RENTAL COMPANIES

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

We have performed consulting services for Columbia County (the "County") relating to the submission of the excise tax forms to the County from various rental companies with operations in Columbia County. Columbia County's management is responsible for the County's accounting records. The evaluation procedures were those approved by the County.

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, results, and recommendations 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 the financial statements. 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., CPAs

Augusta, Georgia
December 10, 2024

INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:

- Obtain knowledge of the current Georgia law for the lodging tax O.C.G.A. §48-13-51 and any related County ordinances.
- Determine if the 5% lodging tax was collected by the companies who offer short-term lodging or accommodations and remitted to the County in accordance with County ordinances.
- Determine if the lodging tax forms were submitted by the 20^{th} of each month.
- Observe the lodging tax form used to ensure the latest edition is being used by each rental.
- Make recommendations to the County and rental operators based upon our analysis.

SCOPE

Our internal audit scope was limited to the time period of April 1, 2024 to April 30, 2024. All selections were made within this time period and were limited to a listing of rental companies provided by the County.

BACKGROUND

Georgia code O.C.G.A. §48-13-51 authorizes operators of short-term lodging or accommodations to collect the excise tax on rooms, lodging, and accommodations from the renter for remittance to the County. The County is authorized under state law to audit the books and records of any company that offers short-term lodging or accommodations in order to determine that the appropriate amount of lodging tax has been charged and remitted to the County.

PROCEDURES

Lodging Tax Form Submissions - We obtained a list of twelve companies from the County that offer short-term rentals of private homes. We requested copies of the lodging tax forms submitted by the selected rental companies from the County's Finance Department for the month of April 2024.

Communication to Rental Companies - We contacted each selected company and requested monthly sales reports, monthly sales tax forms remitted to the State of Georgia and any sales tax audit findings as a result of state sales tax audits that were conducted during the period April 1, 2024 to April 30, 2024. We were unable to compare information provided by the companies to the County submissions for accuracy as none of the selected companies have submitted the lodging tax forms. For any companies that did not respond, we reviewed public information such as company websites and rental listings to determine whether they appear to have rental properties listed in Columbia County.

The following companies were selected for testing:

- On Location
- Incentive Travel Solutions
- Patron Properties
- Azalea Hospitality
- Diamond Home Rental
- Major Sports Augusta
- Champion Home Rentals
- Rent Like a Champion
- Elite Events & Tickets
- Housing to a Tee
- Corporate Sporting Events
- Club Magnolia

RESULTS

Lodging Tax Form Submissions - During the performance of our procedures, we noted that none of the selected companies had submitted lodging tax forms to the County for the period under examination.

Communication to Rental Companies -We noted the following for each company:

- On Location
    - We received the requested documentation for this company and reviewed the amounts reported on the lodging tax forms. Management indicated that submission of the form was initially delayed due to difficulty determining how to file but has since resolved this and plans to submit the form soon.

- Incentive Travel Solutions
  - We received a response from the president of this company who informed us that they have no rental properties. We viewed the company's website, noting there are no rental properties listed.
- Patron Properties
  - We did not receive a response from this company. We viewed the company's website but were unable to view listings. Therefore, we could not determine whether there are rental properties listed in Columbia County.
- Azalea Hospitality
  - We received a response from this company indicating that they do not have rental properties in Columbia County and have therefore not paid the lodging tax. We viewed the company's website, noting that there are rental properties listed in Columbia County.
- Diamond Home Rental
  - We received a response from this company indicating that they do not have current rental properties in Columbia County. The company also indicated that they will not be managing or listing short term rentals in the future.
- Major Sports Augusta
  - We received a response from this company stating that their business is registered and operates in Richmond County, therefore management does not believe this tax is applicable to them. We viewed the company's website but were unable to view listings. Therefore, we could not determine whether there are rental properties listed in Columbia County.
- We did not receive responses from the companies listed below. We viewed the website for each of these companies, noting there are short-term rental properties listed in Columbia County.
  - Champion Home Rentals
  - Rent Like a Champion
  - Elite Events & Tickets
  - Housing to a Tee
  - Corporate Sporting Events
  - Club Magnolia

RECOMMENDATIONS

To improve compliance with the excise tax on rooms, lodgings and accommodations, we recommend that management increase rental operators' awareness of the excise tax and its applicability to short-term rentals.