

CITY OF STATHAM
327 Jefferson Street
Statham, Georgia 30666

CORRECTIVE ACTION PLAN
Year Ended June 30, 2023

This plan addresses findings included in the various auditor's reports prepared as a result of complying with Federal and State audit laws for the year ended June 30, 2023. These findings have been discussed with management, who agree with the recommendations. Many of the items have already been corrected. Other items are in the process of being corrected, while others will be started shortly. We anticipate that the changes will be completed by June 30, 2024.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FINDING
NUMBER**

INTERNAL CONTROL

2023-001 (Reissued) Statement of Condition:

During fieldwork, we noted significant adjustments were necessary to adjust cash balances. In total, aggregate corrections of \$224,052 were recorded to the General Fund cash accounts. We also noted that generated bank reconciliations are inaccurate due to uncleared reconciling transactions in the accounting system; the net aggregate amount of these differences and reconciling items are \$18,737 and \$99,722 in the General Fund and Water & Sewer Fund, respectively.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures. The Finance Department will implement policies and procedures that will ensure the account balances are reconciled monthly to the subsidiary ledgers.

2023-002 (Reissued) Statement of Condition:

The City made numerous and repeated accounting errors, resulting in excessive adjusting journal entries necessary to correct account balances. Aggregate adjustments recorded during audit procedures reduced net income by (\$209,727) and (\$234,322) in the General Fund and Water & Sewer Fund, respectively.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures.

2023-003 (Reissued) Statement of Condition:

From review of documented processes, appropriate segregation of duties does not exist among key operational functions in the City. Payroll master files are modified by the same individual who process payroll; vendor master files are modified by the same individual(s) responsible for processing check disbursements, and customer master files are modified by the same individual(s) responsible for processing receipts and write offs from customer accounts. In addition, a separate review process is not in place to have an additional level of oversight and monitoring by any key employees or elected officials.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls including segregation of duties.

2023-004 (Reissued) Statement of Condition:

The City could not provide sufficient supporting documentation for the Customer Deposits balance held in the Water & Sewer utility fund. The Utility Billing Security Deposits Held report does not agree to the general ledger by \$55,744.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures. The Finance Department will implement policies and procedures that will ensure the account balances are reconciled monthly to the subsidiary ledgers.

2023-005 (Reissued) Statement of Condition:

During fieldwork, we noted that current-year accrued payable balances were not properly reflected at year end. Aggregate adjustments of \$134,834 to the General Fund were necessary to correctly record payable balances at year-end.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures.

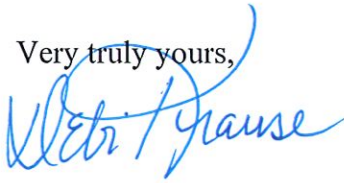
2023-006 (Reissued) Statement of Condition:

During fieldwork, we noted that the City did not record proceeds related to the financed purchases of Police equipment.

Response:

Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures.

Very truly yours,

A handwritten signature in blue ink, reading "Debi Krause". The signature is fluid and cursive, with the first name "Debi" and last name "Krause" clearly legible.

Debi Krause
City Mayor