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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Robert P. Jones, Sole Commissioner and
Faye Harvey, Finance Director:

We have performed the procedures enumerated below, which were agreed to by Pickens County, Georgia, solely to assist you with respect to the accounting records of Pickens County, Georgia as of September 30, 2012 for the purpose of transitioning from Finance Director Mechelle Champion to Finance Director Faye Harvey. Pickens County, Georgia's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Test of Detail on General Fund Expenditures

Scope of Procedures:

We used a random number generator to select 120 checks written from the general fund bank account from the period January 1, 2012 to September 30, 2012. The selected checks were agreed to the check register in terms of date, payee, and amount. We also matched the checks to the corresponding invoice and/or other supporting documentation. Selected checks were examined for the presence and number of authorized signatures. All invoices were examined for approval and cancellation. We ascertained that the costs represented by the checks were applied to the appropriate accounts, and, when applicable, verified that the purchase or payment was not in conflict with grant agreements or specific compliance requirements.

We also reviewed credit card transaction during this stage of the procedures from the period January 1, 2012 to December 31, 2012. Each credit card transaction that appeared on a statement was traced to supporting documentation (purchase orders, purchase requisitions, receipts) if possible.

Findings:

Of the 120 checks selected, ten (10) were problematic. On five (5) separate occasions no supporting invoices could be located. Three (3) checks were paid on invoices that showed no evidence of approval. One (1) check was written for an amount of \$5,037.20, but only bore one signature. Checks in excess of \$2,000.00 must have two authorized signatures. It was also noted that one check represented a cost that should have been allocated to technical services, yet in this instance the cost was booked to contract labor. The checks appeared to be appropriate expenditures of the County. The ten checks in question are listed below:

<u>Check#</u>	<u>Payee</u>	<u>Amount</u>	<u>Exception</u>
46372	Inn at Ellis Square	\$ 608.00	No invoice attached.
46384	Jurkiewitsch, Sandra	598.00	One invoice is missing.
46796	Johnson, James T.	2,500.00	No invoice, PR, or PO attached.
47173	The Cincinnati Life Ins. Co.	3,905.05	No indication of approval on invoice.
47256	LegalShield	908.20	No indication of approval on invoice.
47823	Weaver, Jimmy	625.00	No invoice attached.
48428	Davis, Stephanie R.	665.28	This is assigned to contract labor, but in all other circumstances it is assigned to technical services.
48643	Galligan, Jennifer Jones	1,250.00	No invoice attached.
48750	AFLAC	5,037.22	Only one signature.
48762	VALIC %Chase Bank of Texas	1,320.00	No indication of approval on invoice.

Credit card transactions lacked proper documentation to support charges on significant portion of the test sample. We used other procedures to verify that the expenses appeared to be proper expenditures for the County. We also discovered three credit cards that were not issued in accordance with County policy.

It was also noted that proper filing procedures were not being practiced, which caused much difficulty in locating supporting documentation.

Recommendations:

Care should be taken to ensure that all supporting documents are attached to the corresponding expenditures.

County policy needs to be enforced at all levels especially in the constitutional offices on issuance of credit cards.

Proper filing procedures need to be adopted to ensure supporting documents are easily identifiable and locatable.

Management response:

Explanation of checks in question:

Check # 46372- \$608.00 payable to "Inn at Ellis Square" is payment for 4 nights room and parking for Coroner training, March 27, 28, 29, and 30, 2012. Expenditure was charged to the Coroner's budget as "travel". Purchase Order # 26366 was issued and approved, however, there was no invoice from the hotel attached to the payment detail.

Check # 46384 - \$598.00 payable to Sandra Jurkiewitsch was charged to the Elections "contract labor" budget line item. An invoice in the amount of \$450 for work as an advanced voting clerk was attached to the payment. The balance of \$148 was payment for working the election polls on March 13, 2012. The poll worker worksheet was in a separate file and shows that the expenditure was valid, but a copy of the worksheet was not attached to the check copy.

Check # 46796 - \$2,500.00 payable to James T. Johnson was charged to the Public Defender's "Professional Services" budget line. This is a recurring monthly payment based on a contract between Mr. Johnson and the Public Defender's office for indigent defense in conflict cases.

Check # 47173 - \$3,905.05 payable to the Cincinnati Life Insurance Co. is payment of employee deduction amounts for life insurance. A copy of an invoice from Cincinnati Life Insurance Co for April, 2012 and a reconciliation of the County's payroll deduction report for April, 2012 are attached to the check.

Check # 47256 - \$908.20 payable to LegalShield is also payment of employee deductions. A copy of the invoice from LegalShield and a copy of the County's payroll deduction report are attached to the check.

Check # 47823 - \$625.00 payable to Jimmy Weaver was charged to the Sheriff's buildings budget as "Rent".

There was no explanatory documentation attached to the check.

Check # 48428 - \$665.28 payable to Stephanie R. Davis was paid for Court Reporting services. There was a total of five (5) separate invoices paid with this check. One of the charges (\$190.08) to Juvenile Court budget was incorrectly coded to the "contract services" budget line rather than the "technical services" line item. The remaining four (4) invoices were correctly assigned.

Check # 48643 - \$1,250.00 payable to Jennifer Jones Galligan was charged to the Public Defender's "Professional Services" budget line. This is a recurring monthly payment based on a contract between Ms. Galligan and the Public Defender's office for indigent defense in conflict cases.

Check # 48750 - \$5,037.22 payable to AFLAC required two (2) signatures and the check was presented with only one signature. The check was payment of employee deduction

amounts for insurance. The AFLAC invoice which was reconciled to the County's payroll deduction report was attached to the check copy.

Check # 48762 - \$1,320.00 payable to VALIC was payment of employee deduction amounts for retirement.

The e-Remit Contribution Confirmation (invoice) from VALIC as well as the County's payroll deduction report were attached to the check copy.

Management will implement procedures to ensure that proper documentation - purchase requisitions and purchase orders, approved invoices, or other supporting documents - are in place before processing payments, and that all documentation will be attached to payment detail and filed properly.

Management will require that all credit card receipts are submitted and filed with credit card statements and check copies. Credit card receipts must be accompanied by an approved purchase order indicating the item or items purchased, the reason for purchase and the department's budget line item that will be affected.

Management will meet with all constitutional officers (elected officials) to make certain that in the future all credit cards are issued in accordance with County policy.

Search for Incorrectly Recorded SPLOST Expenditure

Scope of Procedures:

We compared the check registers for the general fund account and the SPLOST account for the period January 1, 2012 to September 30, 2012. After compiling a list of vendors used by both funds, we used a random number generator to select 154 checks from the general fund for testing. We reviewed the supporting documentation (purchase orders, purchase requisitions, invoice, etc.) for each of the checks as well as the 2003 and 2008 SPLOST resolutions to determine whether or not the expenditure qualified for SPLOST funding.

Findings:

Of the 154 checks reviewed, 73 were for expenditures that appeared to be reimbursable from SPLOST funds. The remaining checks were appropriately charged to the general fund.

Recommendations:

Care should be taken to determine whether or not an expenditure qualifies for SPLOST funding in order to ensure the most cost effective means are applied to County revenues.

We recommend that the County adopt a formal SPLOST cost accounting system when using County employees and equipment to perform SPLOST projects such as road work so that all applicable costs are captured and reimbursed to the general fund.

Management response:

Expenditures in question that were eligible for reimbursement with SPLOST funds pertain to road improvement projects in which county labor forces and county equipment performed the work.

It was a decision of management to pay personnel costs from general fund with qualifying material costs paid from SPLOST funds.

All costs of renovation and construction of the new courthouse have been paid from 2008 SPLOST funds.

The auditors' findings showed no misappropriation of SPLOST funds.

Revenue Confirmations from Constitutional Officers

Scope of Procedures:

We confirmed revenues on the County's general ledger with the other constitutional officers. Upon receipt of the confirmations, the revenues were reconciled to within typical variances.

Findings:

Some revenue sources were not properly classified in the general ledger. An example of this was that tax revenues were being posted to the taxes receivable account instead of the revenue account.

Recommendations:

We recommend that care be taken in posting revenues to the proper accounts so that financial reporting will be accurate.

Management response:

Management is implementing corrective measures to ensure that all revenues are properly classified in the general ledger and that revenues will be accurately reported in monthly financial reports.

Plans to restructure and improve work flow in the accounts receivable function of the finance department are in place, and additional training will be provided where needed.

Financial Reporting

Scope of Procedures:

We reviewed various financial reports issued by the County for proper reporting and

accuracy for the period January 1, 2012 to September 30, 2012.

Findings:

The report on budget comparisons published by the County was not pulled from consistent sources. It appears that several different sources were used to prepare the report and due to brevity some key data was not presented.

Budget reports have not been issued to department heads since February 2012.

Recommendations:

We recommend that when preparing reports that care be taken to use proper source documents and that attention to detail be used.

Budget report needs to be prepared and issued to department heads on a monthly basis.

Management response:


Management acknowledges that there has been a lack of information and accurate, consistent reporting in the CFO's department.

The following four (4) steps are being implemented to create a more professional working environment between elected officials, department heads and staff:

1. A new CFO is in place.
2. Training on new procedures and documentation requirements will be provided for personnel in finance department, department heads and elected officials.
3. Monthly budget / financial reports will be provided to Commissioners, elected officials and department heads
4. Better communication between the Finance Department and all county officials.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 information and use of Pickens County, Georgia and is not intended to be and should not be used by anyone other than that specified party.

 & Associates, PC

RL Jennings & Associates, PC

Elkhay, Georgia

November 19, 2012