

STEWART COUNTY, GEORGIA

COMPLIANCE REPORTS

FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2022

STEWART COUNTY, GEORGIA

COMPLIANCE REPORTS DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Commissioners
of Stewart County, Georgia
Lumpkin, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Stewart County, Georgia** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 29, 2023. Our report includes a reference to other auditors who audited the financial statements of the Stewart County Department of Public Health and the Stewart County Water and Sewerage Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial report ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-004 and 2022-006 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005.

Stewart County, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, but not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 29, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Commissioners
of Stewart County, Georgia
Lumpkin, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited the **Stewart County, Georgia’s** (the “County”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2022. The County’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS"), *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Georgia (the "County") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 29, 2023

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

STEWART COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing ("AL") Number</u>	<u>Grant Identification Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs Community Development Block Grant	14.228	18p-y-128-6027	\$ <u>209,255</u>
Total U.S. Department of Housing and Urban Development			<u>209,255</u>
U.S. Department of the Treasury			
(Direct Awards)			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>931,047</u>
Total U.S. Department of the Treasury			<u>931,047</u>
Total Expenditures of Federal Awards			<u>\$ 1,140,302</u>

STEWART COUNTY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Stewart County, Georgia (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. DE MINIMIS COST RATE

The County elected not to use the 10% de minimis cost rate for the year ended December 31, 2022.

NOTE 3. NON-CASH AWARDS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year-end.

NOTE 4. SUBRECIPIENTS

The County did not pass through any funds to subrecipients during the year ended December 31, 2022.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes None

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:
Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes None

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 the 2 CFR 200.516(a)?

Yes No

Identification of major program:

AL Number

Name of Federal Program or Cluster

21.027

U.S. Department of Treasury:

COVID-19 – Coronavirus State and Local
Recovery Funds

Fiscal

STEWART COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

**SECTION I
SUMMARY OF AUDIT RESULTS (CONTINUED)**

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022 – 001. – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling not being properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2022. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly review bank reconciliations;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the County's capital assets; and
- to close-out and report activities, events and transactions on a periodic basis.

Context: We addressed the matter with the County officials who were able to provide all respective details and reconciliations as of and for the year ended December 31, 2022.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was a lack of appropriate controls implemented at the County during the fiscal year to properly maintain financial and non-financial information and to properly close-out the year-end.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 001. General Accounting Matters/Close Out Procedures (Continued)

Recommendation: We recommend the County consider a variety of options in addressing the above condition. The County should consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of County operations and financial and non-financial activities.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2022 – 002. Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures. This was noted in the following offices/departments:

- County – The County does not have sufficient segregation of duties for the office. It was noted that two individuals performed the majority of the operational and accounting functions for the County.
- EMS Department – The same individual who opens the mail is also involved with preparing deposits, receipting, and deposits cash at the bank. Additionally, no one reviews the bank reconciliations.
- Clerk of Court – The same individual who deposits cash also reconciles bank statements, maintains the cash receipt journal, maintains access to cash, authorizes and writes the checks.
- Probate Court – The same individual who handles cash also maintains the cash receipt journal, prepares the deposit, deposits cash receipts, writes checks, signs checks, prepares the bank reconciliation and reviews bank reconciliation.
- Magistrate Court – The same individual who prepares deposits also deposits cash at the bank, reconciles bank statements, maintaining access to the cash, and prepares checks. Additionally, an individual who opens mail also maintains the cash receipts journal.
- Sheriff's Office – The same individual who has access to cash also prepares the bank deposits, deposits cash at the bank, signs checks and reconciles bank statements.
- Tax Commissioner – The same individual who opens the mail can deposit cash receipts. Additionally, an individual who prepares and authorizes checks also reconciles the bank statements.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 002. Segregation of Duties (Continued)

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees. There should also be a process in which an individual reviews the bank reconciliations and documents their approval of them.

Views of Responsible Officials and Planned Corrective Action: We concur. The offices are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2022 – 003. Incomplete Bank Reconciliations

Criteria: An essential element of the accounting function is the reconciliation of cash balances in the bank account to the cash reported per the financial statements.

Condition: During our audit, we noted bank reconciliations for a significant number of cash accounts across several funds had not been prepared.

Context: We addressed the matter with the County officials who were able to provide all respective details and reconciliations as of and for the year ended December 31, 2022.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was a lack of appropriate controls implemented at the County during the fiscal year to properly maintain bank reconciliations for all required funds.

Recommendation: We recommend the County implement procedures for reconciling all bank accounts to the general ledger on a monthly basis.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 003. Incomplete Bank Reconciliations (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2022 – 004. Excess Funds

Criteria: The Magistrate Court, Sheriff's Office, Tax Commissioners Office, Clerk of Court, and Probate Court collect funds for the County, State, School and others. Funds should be paid out promptly in the following month. There are no provisions for these entities to hold funds.

Condition: Monies are on deposit in the Magistrate Court, Sheriff's Office, and Tax Commissioner's Office accounts that does not have adequate documentation of source or purpose.

Context: At December 31, 2022, the Magistrate Court held excess of \$13,260 and the Tax Commissioner's Office held excess cash of \$40,266.

Effects: The ultimate effect of the above condition is the potential for misuse of agency monies.

Cause: Month-end reconciliation and accounting procedures are not in place to balance receipts and disbursements.

Recommendation: These elected officials should take immediate action to disburse those funds and develop procedures to ensure that funds collected are promptly disbursed or held in accordance with direct order.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 005. Expenditures in Excess of the Budget

Criteria: State law requires that Stewart County adopt an annual balanced budget, and follow procedures that limit expenditures exceeding the budget at the department level.

Condition: Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of County resources.

Context: Expenditures in excess of appropriations were reported in the following:

<u>Department</u>	<u>Excess</u>
General Fund	
General Government:	
Courthouse/public buildings	\$ (2,274)
General administration	(517,917)
Public Safety:	
Sheriff	(10,698)
Public Works:	
Solid waste collection	(232,304)
Landfill post-closure	(22,776)

In addition, the County did not prepare budgets for a significant number of Special Revenue Funds.

Effects: The ultimate effect of the above condition is the potential for budget violations and possible misuse of County resources.

Cause: Financial statements and budget comparison statements are not reviewed. Budgets were not amended. The County did not record all transactions.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 005. Expenditures in Excess of the Budget (Continued)

Recommendation: Financial statements and budget-to-actual statements should be reviewed by the County manager and the County Clerk prior to the Board of Commissioners meeting. Financial statements to include balance sheet and revenue and expenditure reports with budget comparison should be reviewed and explained at the public meetings. The minutes of the meetings should report that the financial report was presented and accepted. The budget should be amended as often as necessary to provide for source of funds for unbudgeted expenditures.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2022 – 006. Preparation of Schedule of Expenditures of Federal Awards

Criteria: 2 CFR 200.302(b)(1) states that all non-federal entities must identify in its accounts all federal awards received and expended. The Schedule of Expenditures of Federal Awards (“SEFA”), as required by 2 CFR 200.510(b), should be derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements for the County.

Condition: Internal controls were not in place to accurately report, and ultimately reconcile the expenditures reported on the SEFA to the County’s underlying accounting records.

Context: We addressed the matter with the County and all federal expenditure amounts were provided to us as of and for the year ended December 31, 2022.

Effect: Ultimately the County was able to provide necessary underlying records to support the expenditures reported on the SEFA resulting in significant changes in the nature and number of major federal programs subject to audit for the fiscal year ended December 31, 2022.

Cause: The County did not have internal controls in place to accurately and timely provide the SEFA.

Recommendation: We recommend the County establish procedures to ensure all federal grant expenditures are included in the SEFA (on an accrual basis) and that assistance listing numbers are reported correctly and in a timely manner. The County should utilize the County’s general ledger system to separately track the expenditures which are program eligible in project codes to aid the County personnel with accurate and timely presentation of the SEFA.

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022 – 006. Preparation of Schedule of Expenditures of Federal Awards (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

STEWART COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

2021 – 001. General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling not being properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2022. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly review bank reconciliations;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the County's capital assets; and
- to close-out and report activities, events and transactions on a periodic basis.

Auditee Response/Status: Unresolved. See current year finding number 2022 – 001.

2021 – 002. Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.

Auditee Response/Status: Unresolved. See current year finding number 2022 – 002.

STEWART COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

2021 – 003. Fund Accounting

Criteria: Local governments are required to adopt and use the Georgia Department of Community Affairs (“DCA”) uniform chart of accounts for their accounting records. In addition, local governments must adhere to the provisions of the DCA uniform chart of accounts for the use of account numbers. All financial activity should be recognized in a general ledger for each applicable fund in compliance with state law.

Condition: During our audit, we noted the County did not properly maintain trial balances and general ledgers for a significant number of funds without requiring an extensive amount of time and assistance with the development and completion of the trial balances.

Auditee Response/Status: Resolved.

2021 – 004. Incomplete Bank Reconciliations

Criteria: An essential element of the accounting function is the reconciliation of cash balances in the bank account to the cash reported per the financial statements.

Condition: During our audit, we noted bank reconciliations for a significant number of cash accounts across several funds had not been prepared.

Auditee Response/Status: Unresolved. See current year finding number 2022 – 003.

2021 – 005. Excess Funds

Criteria: The Magistrate Court, Sheriff’s Office, Tax Commissioner’s Office, Clerk of Court, and Probate Court collect funds for the County, State, School and others. Funds should be paid out promptly in the following month. There are no provisions for these entities to hold funds.

Condition: Monies are on deposit in the Magistrate Court, Sheriff’s Office, Tax Commissioner’s Office, Clerk of Court, and Probate Court accounts that does not have adequate documentation of source or purpose.

Auditee Response/Status: Unresolved. See current year finding number 2022 – 004.

2021 – 006. Expenditures in Excess of the Budget

Criteria: State law requires that Stewart County adopt an annual balanced budget, and follow procedures that limit expenditures exceeding the budget at the department level.

Condition: Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of County resources.

Auditee Response/Status: Unresolved. See current year finding number 2022 – 005.



Stewart County Board of Commissioners

P.O. Box 157, Lumpkin, GA 31815
Phone: (229)838-6769 Fax: (229)838-9856

Joseph B. Williams, Chairman

Arcola Scott, Vice Chairman

Tyrone Nelson, Commissioner

Joe Lee Williams, Commissioner

Tom Mayo, Commissioner

Matthew "Mac" Moye, County Manager

Carole B. Stewart, County Clerk

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

2022-001 General Accounting Matters/Close-Out Procedures

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023

2022-002 Segregation of Duties

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023

2022-003 Incomplete Bank Reconciliations

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023

2022-004 Excess Funds

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023

2022-005 Expenditures in Excess of the Budget

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023

2022-006 Preparation of Schedule of Expenditures of Federal Awards

Name of the Contact Person Responsible for the Corrective Action Plan: Mac Moye, County Manager

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: December 31, 2023