



Internal Audit – Accident Avoidance Incentive Program

October 31, 2022



Assurance | Advisory | Tax

Table of Contents

Letter	1
Executive Summary.....	2
Exceptions Identified	3
Observations	3
Detailed Procedures.....	4



NICHOLS, CAULEY & ASSOCIATES, LLC

135 Brandywine Blvd, Suite A
Fayetteville, Georgia 30214
770-461-1115 FAX 770-461-7709
fayetteville@nicholscauley.com

Mayor- City of Brookhaven, Georgia
Brookhaven, Georgia

We have performed certain operational evaluation procedures, which were agreed to by the City of Brookhaven Georgia (the "City") (specified party). The procedures were performed in compliance with the American Institute of Certified Public Accountant's Consulting Standards and Rule 101 of the Code of Professional Conduct. These procedures were performed solely to assist you in evaluating certain activities of the City, associated with the City's Accident Avoidance Incentive Program. The City is responsible for maintaining an adequate control environment and risk management program, the fair presentation of general ledger balances, and for compliance with applicable City accounting practices. Our responsibility was to test the operation of certain activities and internal controls associated with the City's Accident Avoidance Incentive Program. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures performed for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the City's financial statements or specified elements, accounts, or items thereof. 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 specified party listed above, and is not intended to and should not be used by anyone other than such specified party.

Nichols, Cauley + Associates, LLC

Fayetteville, Georgia
October 31, 2022

Executive Summary

Executive Summary

The procedures performed along with the results of the procedures, and any findings or observations noted are presented in this report.

The specific procedures performed were based on the concept of selective testing. Had additional or expanded procedures been performed, other matters might have come to our attention that would have been reported to you.

It should also be recognized that internal controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that City activities are performed in accordance with the intentions of City management. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal controls. In the performance of most internal control procedures, errors can result, and controls can be circumvented intentionally by management. Further, controls may become ineffective due to newly identified business or technology exposures. The projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate.

We would like to thank management and staff for their assistance and courtesy extended to us during the course of our review.

The general scope of the Accident Avoidance Incentive Program (the Program) internal control evaluation procedures, as detailed in this report, included:

- General review of the significant provisions of the program
- Review of City maintained key metrics or statistics evaluating Program effectiveness.
- Test select personnel receiving Program incentive payments for existence and calculation accuracy.

Exceptions Identified/Observations

Exceptions Identified

No exceptions identified from the procedures.

Observations

We noted the following observations – recommendations for the City. While not matters of exceptions or errors, consideration of such matters may provide enhanced internal control activities or documentation for the City.

Recommendation for consideration :

The City has not developed a written operating procedure document or other program document outlining the requirements and provisions of the Accident Avoidance Incentive Program (the Program). For the effective implementation and communication of the Program, we recommend the City document the specific provisions of the Program in an operating procedure document or other program document.

Recommendation for consideration :

It is our understanding that the City is in process of evaluating the provisions of the Program and may implement changes to the eligibility provisions of the Program, documentation of the Program, or other matters related to the Program. In consideration of possible changes to the Program, we recommend the City consider the following matters:

- Through the written Program document, establish key metrics or other performance measures for evaluating Program effectiveness.
- Through the written Program document, establish the parameters for which City employees may be considered for eligibility participation in the Program. Such might include:
 - Department – (participation is limited)
 - Full-time/part-time status
 - Limited or no driving responsibilities
- Through the written Program document, establish definitions for utilized Program terminology, such as “unavoidable accident”, or other applicable terms.

Detailed Procedures

Detailed Procedures

Procedure 1: Discussed with City finance and human resources management personnel the significant provisions of the established Program. Documented the significant provisions of the Program and obtained copies of Program documents utilized in the administration of the Program.

Results: The City has not developed a written operating procedure document or other program document outlining the requirements and provisions of the Accident Avoidance Incentive Program (the Program). For the effective implementation and communication of the Program, we recommend the City document the specific provisions of the Program in an operating procedure document or other program document.

Procedure 2: Requested from City management personnel the record of statistics or key metrics utilized to evaluate the effectiveness of the Program.

Results: It is our understanding that the City is in process of evaluating the provisions of the Program and may implement changes to the eligibility provisions of the Program, documentation of the Program, or other matters related to the Program. In consideration of possible changes to the Program, we recommend the City consider the following matters:

- Through the written Program document, establish key metrics or other performance measures for evaluating Program effectiveness.
- Through the written Program document, establish the parameters for which City employees may be considered for eligibility participation in the Program. Such might include:
 - Department – (participation is limited)
 - Full-time/part-time status
 - Limited or no driving responsibilities
- Through the written Program document, establish definitions for utilized Program terminology, such as “unavoidable accident”, or other applicable terms.

Procedure 3: Obtained from City management personnel the Program incentive payment listing for 2018, 2019, 2020, and 2021. Reviewed the nature and manner of information provided.

Results: The information provides the name, hire date, avoidable accident status, and payment amount for each person.

Detailed Procedures

Procedure 4: From the 2021 incentive payment calculation, selected 5 personnel and traced the names of the personnel to the February 18, 2022 payroll register to verify existence of the employee.

Results: All selected personnel were present on the payroll register.

Procedure 5: From the 2021 incentive payment calculation, selected 5 personnel and recalculated the incentive payment based on the years of services and avoidable accident statuses presented in the calculation.

Results: All calculations were consistent.