



Internal Audit – Bank Account Reconciliation - Collateralization Procedures

June 2023



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 Bank Account Reconciliation and Collateralization procedures. 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 bank account reconciliation and collateralization procedures. 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
June 2023

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 Bank Account Reconciliation – Collateralization procedures internal control evaluation, as detailed in this report, included:

- Review of all bank account reconciliations prepared by the City.
- Review of bank account reconciliation process.
- Select testing of disbursements and deposits for presentation on bank account reconciliations.
- Review of bank account collateralization process.

Exceptions Identified/Observations

Exceptions Identified

No exceptions identified from the procedures.

Observations

No observations or recommendations identified from the procedures.

Detailed Procedures

Detailed Procedures

Procedure 1: Obtained a listing of bank accounts utilized by the City.

Results: No findings or exceptions noted.

Procedure 2: Obtained the bank reconciliations and bank statements of each bank account for February 28, 2023 and March 31, 2023 month end. Traced applicable amounts from bank statements to reconciliations.

Results: No findings or exceptions noted.

Procedure 3: Obtained the February and March of 2023 check register for the primary disbursement account.

Results: No findings or exceptions noted.

Procedure 4: Reviewed the February 2023 and March 2023 check register's for consistent numbering.

Results: No findings or exceptions noted.

Procedure 5: Traced material deposits in transit from the February 2023 bank reconciliation to timely clearance on the March 2023 bank statement.

Results: No findings or exceptions noted.

Procedure 6: Selected material disbursements clearing in the first 10 days of the March 2023 bank statement and traced to the appropriate inclusion/exclusion on the February 2023 reconciliation outstanding disbursement list based on the recording in the check register.

Results: No findings or exceptions noted.

Procedure 7: Reviewed select material interbank transfers for appropriate posting in the same period for both bank accounts.

Results: No findings or exceptions noted.

Detailed Procedures

Procedure 8: Documented the City's process for maintaining deposit collateralization with cash financial institutions.

Results: No findings or exceptions noted.