

[County Letterhead Here]

June 3, 2009

Mr. Edward Blaha, Director
Non-Profits and Local Governments Audits
Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Mr. Blaha,

Pursuant to your notice of May 21, 2009, please find attached Bulloch County's response for Bulloch County's June 30, 2008 audit report pertaining to the following items, as requested.

ITEMS REQUIRING CORRECTION ON FUTURE REPORTS

We acknowledge and concur with these items.

SUMMARY OF CORRECTIVE ACTION PLAN REVIEW

Item #1 – Probation Office-Bank reconciliations

During our audit we noted that entries were made incorrectly in QuickBooks in an effort to adjust the bank account balance to zero each month, as the balance held in the account is transferred out of the probation office's account to the County's sweep bank account. Only the actual activity in the account should be entered into QuickBooks and maintained within the probation office's check register. This will likely result in a negative cash balance for book purposes because of outstanding checks. Actual transfers should be entered and coded to transfers expense.

Statement of Concurrence: We concur with the finding.

- 1) Corrective Action Proposed: Each transfer in or out of the probation office bank account is now entered into QuickBooks. Therefore, all banking transactions within the bank account for the probation office are reflected in the books for the probation office. This will provide the necessary information to prepare a correct bank reconciliation.

Target Deadline: Completed

Responsible Parties: Director of Bulloch County Probation Department, Chief Financial Officer

Item #2 – Clerk of Courts-Inadequate bank reconciliations

Inadequate bank reconciliations are prepared for the bank accounts of the Clerk of Courts. The reconciliations often contain improper reconciling items, consisting mostly of disbursements made in the following month. We recommend that proper bank reconciliations be prepared monthly, in a form that reconciles the balance on the bank statement to the checkbook balance at each month end.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The Clerk of Courts office is now using Quick Books to write checks. QuickBooks will provide the necessary information needed to prepare a correct bank reconciliation.

Target Deadline: Completed

Responsible Parties: Clerk of Court, Chief Financial Officer, Third Party

Item #3 – Clerk of Courts and Probate Court-Timely deposits

During our audit we noted that deposits are often not made in a timely manner by the Clerk of Courts office and the Probate Court office. Money should be deposited timely into the appropriate accounts, regardless of the amount on hand to be deposited.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The Clerk of Courts office is now using QuickBooks and they are now making deposit on a more timely basis. The Probate Court is now making deposits on a more timely basis.

Target Deadline: Completed

Responsible Parties: Clerk of Court, Chief Financial Officer, Judge of Probate Court

Item #4 – Budget Amendments

As noted in Note 2 to the financial statements, expenditures exceeded appropriations at the legal level of control for two general fund departments and certain special revenue funds. Budget amendments should be made and approved by the Board of Commissioners for any over expenditures of the County budget.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: We have implemented the use of software using a purchasing requisition and order system which will allow us to capture and estimate monthly spending for most departments with fewer distortions caused by unreported encumbrances at month's end. This in turn will allow us to improve estimates and increase budgetary monitoring controls and give the information needed to complete amendments.

Target Deadline: On or about June 30, 2009, the County Commission will approve final budget amendments for FY 2009 in concurrence with the adoption of the FY 2010 Budget. Also, we will make a post-closing amendment for FY 2009, no later than September 15, 2009, if necessary.

Responsible Parties: County Manager, Chief Financial Officer, Various Department Heads.

Item #5 – Clerk of Courts condemnation account.

We noted that the Clerk of Courts office does not maintain a detail listing of the funds held in the condemnation bank account. Since the funds in the condemnation account are of a material amount, it is important to keep track of the source of these funds. A detail listing of the amounts held in this account should be maintained and reconciled to the bank balance on a monthly basis.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: A detail listing of the funds held in the condemnation bank account will be provided by the Clerk of Courts.

Target Deadline: June 30, 2009

Responsible Parties: Clerk of Court, Chief Financial Officer, County Manager

Item #6 – Financial reporting process is inadequate for recording the activity in the County's agency funds and certain special revenue funds.

The County has several agency funds and special revenue funds for which a trial balance summarizing the annual activity and year end balances is not maintained. Accurate trial balances are needed on these funds in order for them to be properly included in the County's financial statements.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: A trial balance will be provided for all agency funds and special revenue funds so that the information can be included in the County's financial statements.

Target Deadline: June 30, 2009

Responsible Parties: Various Department Heads, Chief Financial Officer, County Manager

Item #7 –Recording of year end receivables/payables for financial statements.

The County's procedures to make sure all year end receivables and payables are included in the financial statements of the SPLOST capital projects funds are inadequate. We noted some year end receivables and payables that were not recorded for these funds. The adjusting journal entries needed to record these receivables and payables were material to the County's financial statements.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County CFO will review the year end receivables/payable for the SPLOST funds and make entries for all receivable/payables for the SPLOST funds.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, Finance Department

Item #8 – Inadequate segregation of duties

Many of the County's departments and offices have a small number of people in their offices performing a variety of accounting duties, some of which may be incompatible. Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities. This may be done without hiring more personnel. We recommend that the County review each department with accounting duties to determine where incompatible duties can be reassigned, if practical, or create a supervisory review of these functions.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County CFO will review the duties of Departments having accounting duties. Some of these departments may be constitutional officers and may not take the County CFO's recommendations.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, Various Department Heads, County Manager

Item #9 –Maintaining documents for grants

During our audit, we encountered difficulty in obtaining documentation for several grants received by the County. We noted several instances in which the appropriate grant documentation had not been provided to the County's chief financial officer (CFO) by the department requesting the grant funds. The County's internal controls over monitoring grant awards should be strengthened by requiring all grant requests/proposals

to be submitted to and reviewed by the County's CFO before being submitted to the potential grantor. Also, a copy of all grant awards, drawdown requests and related documentation should be sent to the CFO so that all grant information is maintained in a central location for financial, budgeting, and external audit purposes.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County Manager has instructed all departments to send any and all grant information to the County CFO.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, County Manager, Various Department Heads

Item #10 – Inadequate monitoring of CDBG grant

The County was unable to locate and provide copies of drawdown requests for its CDBG grant. Also, the County had not completed accurate requests to obtain approximately \$168,230 in remaining CDBG funds available to reimburse for expenditures incurred by the County. The appropriate grant documentation should be maintained and be readily available for its CDBG grant and drawdown requests should be completed accurately and in a timely manner.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County has contracted with an outside consulting firm to review all CDBG information and bring the County into compliance with CDBG regulations.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, County Manager, Third Party

Item #11 – Bank accounts not included in the County's financial statements

During our audit, we noted two bank accounts for the Bulloch County Correctional Institute (BCCI) that have never been recorded in the County's financial statements. These accounts included the BCCI store account and inmate account. Each County department should provide a listing of all bank accounts maintained by them to the County CFO on at least an annual basis to make sure all bank accounts/funds are included in the County's annual audited financial statements.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County CFO will obtain information on all bank accounts so the information can be included in the County's annual audited financial statements.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, Various Department Heads

Item #12 – EMS Department refunds

We noted that EMS refunds were not being issued on a timely basis. Refunds should be issued on a least a monthly basis.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The EMS office is working with their software provider to prepare reports that will allow them to make refunds on a more timely basis.

Target Deadline: June 30, 2009

Responsible Parties: EMS Director, Chief Financial Officer

Item #13 – Handling of old outstanding checks

We noted \$60,559 in old outstanding checks for the general fund that were voided and recorded as other revenue. We also noted several accounts within other County departments that had significant amounts of old outstanding checks at June 30, 2008. The County does not have adequate procedures in place to handle outstanding checks that have become stale. On at least an annual basis, the County should research old outstanding checks to determine if they should be voided because of duplicate payment or other reasons. If not, the County should attempt to contact the payee on the check by letter at the last known address of the payee. If this attempt fails, the County is required by state law to remit the amount of the unclaimed checks to the Georgia Department of Revenue as unclaimed property by filing an Unclaimed Property Annual Filing Report.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The Finance Office will review the outstanding check listing, void any duplicate payments, contact the payee of any outstanding check, and file the Unclaimed Property Annual Filing Report.

Target Deadline: June 30, 2009

Responsible Parties: Chief Financial Officer, Finance Department

Item #14 – Accounting for compensated absences

The information needed to calculate and record the accrual for compensated absences in not being provided to the County's CFO on a timely basis. It is important that all County departments provide a report of unused vacation and sick time as of each June 30 to the CFO by July or August each year so that an accrual for compensated absences can be recorded in the County's annual audited financial statements.

Statement of Concurrence: We concur with the finding.

Corrective Action Proposed: The County Manager has informed all department heads of the necessity to provide the County's CFO with the information required to calculate the compensated absences liability at the end of the fiscal year.

Target Deadline: June 30, 2009

Responsible Parties: Various Departments, Chief Financial Officer, County Manager

If you have any further question, please contact me.

Sincerely,

Thomas M. Couch
County Manager