

SUPPLEMENTAL REPORT REGARDING THE INTERNAL AUDITOR'S FINDINGS

January 23, 2024

By

Troutman Pepper Hamilton Sanders LLP

I. INTRODUCTION & ISSUE OVERVIEW

On December 5, 2023, the Internal Auditor for Columbus Consolidated Government (the “City”), Donna McGinnis, presented findings from her audit of the Finance Department. Ms. McGinnis concluded that there was \$45.1 million in unworked, unbanked revenue from fiscal years 2019 – 2023 stemming from the Revenue Division’s processing of occupational tax licenses. Following this presentation, Finance Director Angelica Alexander presented a response contesting that there was this amount of unworked, unbanked revenue.

Mayor Henderson instructed Troutman Pepper Hamilton Sanders LLP (“Troutman”) to investigate Ms. McGinnis’s findings. At the direction of and in coordination with Troutman, Acuitas, a forensic accounting firm retained by Troutman, conducted an investigation to determine whether the payments identified by Ms. McGinnis reflected unworked and unbanked revenue.

Troutman and Acuitas found no evidence to support the claim that there is \$45.1 million in unbanked, unworked revenue. Upon validating a random sampling of 102 of the allegedly unbanked payments from the workpapers used to produce Ms. McGinnis’s findings, Acuitas found that 100% had been deposited. Further, 100% had been “worked,” meaning that either a business license or problem letter had been issued to the business. This report summarizes the findings from Troutman’s and Acuitas’s investigation into the Internal Auditor’s claims.

II. METHOD & FINDINGS

Troutman began its investigation by requesting all supporting documents and workpapers used by Ms. McGinnis and her team to reach their findings. Ms. McGinnis provided documents to Troutman that purported to show unbanked payments from fiscal years 2019 – 2023 received by the Revenue Division but never deposited into the City’s bank accounts.¹

These documents contained 10,706 individual payments and related information regarding the batch deposit, business license account, business identifying information, and payment amount for each payment.

To definitively and efficiently validate whether these payments were deposited, Acuitas took a random sampling of 102² of the 10,706 payments. To ensure the sampling was random, Acuitas randomized the entries in Excel and selected the first twenty from the randomized list for each fiscal year.

For each of these 102 payments, Troutman requested copies of the front and back of each canceled check, the deposit slip pursuant to which the check was deposited, and the business license issued in exchange for the payment received.

¹ Troutman also requested all documentation supporting Ms. McGinnis’s statement that the \$45.1 million was comprised mostly of stale checks and unprocessed credit card authorizations. While Ms. McGinnis produced some credit card authorizations completed by businesses during their business license application process, Ms. McGinnis did not provide sufficient documentation to validate her statement that any of the credit card authorizations were not processed or that they could substantially contribute to \$45.1 million. In addition, as set forth below, a random sampling of checks reflects that the payments in Ms. McGinnis’s work papers were deposited into a Columbus Consolidated Government account.

² Acuitas initially selected two payments at random to test its validation process. As they already had the documentation for these two payments, Acuitas included them with the other randomly selected payments in their findings.

Ms. Alexander provided the requested documents for all 102 payments. She pulled the check images directly from the City's online banking account, as is indicated on each check image.

By linking the entries on the workpapers from Ms. McGinnis to the canceled checks and related business licenses or problem letters, Acuitas concluded that 100% of the 102 selections were both banked and worked by the Revenue Division.

Checks received by the Synovus lockbox have "For Deposit Only CCG OCCTax" printed on the back of each check. Additionally, checks received and deposited by the Revenue Division are endorsed with "For Deposit Only Columbus Cons. Government Concentration Account" indicating that those checks were deposited in the correct account.

As set forth in the exhibits below, based on the 102 randomly sampled payments, Troutman and Acuitas are of the opinion that the transactions in Ms. McGinnis's audit do not reflect unworked and unbanked transactions.

**Troutman Pepper
City of Columbus
Summary of Testing**

<u>Year</u>	<u>Total Deposited</u>	<u>Sample Size</u>	<u>Verified Deposited</u>	<u>Percentage Deposited</u>
2023	\$ 65,210.50	20	20	100%
2022	149,545.56	21	21	100%
2021	118,918.61	21	21	100%
2020	53,613.70	20	20	100%
2019	16,895.93	20	20	100%
Total	<u><u>\$ 404,184.30</u></u>	<u><u>102</u></u>	<u><u>102</u></u>	

Troutman Pepper
City of Columbus
2023 - Items Tested

File #	Batch Date	Batch ID	Account #	Business Trade Name	Business Address	City	State	Zip	Amount	Check Deposited	Account Noted ¹	License Verified	Lockbox Spreadsheet
1	03/31/23						GA	31808	\$ 6,046.65	X	X	X	X
2	04/03/23						GA	31904	83.40	X	X	X	X
3	05/04/23						GA	31909	6,871.60	X	X	X	X
4	04/21/23						GA	31901	392.00	X	X	X	X
5	04/04/23						GA	31904	8,371.68	X	X	X	X
6	04/03/23						GA	31904	27,748.00	X	X	X	X
7	04/25/23						GA	31909	199.29	X	X	X	X
8	04/18/23						GA	31904	2,639.73	X	X	X	X
9	04/21/23						GA	31904	90.06	X	X	X	X
10	05/04/23						GA	31907	205.48	X	X	X	X
11	07/29/22						GA	31907	509.31	X	X	X	X
12	04/20/23						AL	36875	6,109.83	X	X	X	X
13	04/25/23						GA	31909	1,188.80	X	X	X	X
14	04/25/23						GA	31907	553.27	X	X	see note ⁴	X
15	04/03/23						GA	31904	166.61	X	X	X	X
16	03/30/23						GA	31904	392.00	X	X	X	X
17	04/05/23						GA	31907	133.65	X	X	see note ³	X
18	04/25/23						GA	31901	275.35	X	X	X	X
19	04/10/23						GA	31901	1,189.47	X	X	X	X
20	04/05/23						GA	31909	2,044.32	X	X	X	X
Total									<u>\$ 65,210.50</u>				

1. For checks received and deposited by the Revenue Division, all checks inspected were noted to have a stamp that read: "For Deposit Only Columbus Cons. Government Concentration Account [REDACTED]" (Acuitas received verbal confirmation from Synovus that this is the City of Columbus' bank account number). For checks deposited through the lockbox at Synovus, all checks inspected were noted to have a processing stamp created by Synovus that reads "For Deposit Only CCG OCCTax." We understand that this stands for "Columbus Consolidated Government Occupational Tax."
2. The names of these two businesses were transposed.
3. A problem letter was sent to the business and a copy is included in our source documentation; **Problem letter sent for 2023 renewal.** (Comments in red are from the Director of Finance for the City of Columbus, Angelica Alexander.)
4. A problem letter was sent to the business and a copy is included in our source documentation.
5. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
6. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
7. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
8. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
9. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
10. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
11. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.
12. On Donna McGinnis's workpapers, this entry references a business name and an account number that are not associated. As the main inquiry is deposit amount, deposit and business license were verified using account number and transaction amount.

Troutman Pepper
City of Columbus
2022 - Items Tested

File #	Batch Date	Batch ID	Account #	Business Trade Name	Business Address	City	State	Zip	Amount	Check Deposited	Account Noted ¹	License Verified	Lockbox Spreadsheet
1	05/09/22						GA	31901	\$ 1,476.57	X	X	X	X
2	04/19/22						AL	36801	319.41	X	X	X	X
3	06/01/22						GA	31901	524.57	X	X	X	X
4	06/24/22						GA	31901	1,652.94	X	X	X	X
5	06/02/22						GA	319073886	6,440.82	X	X	X	X
6	06/02/22						GA	31904	400.00	X	X	X	X
7	06/24/22						GA	31909	8,662.93	X	X	X	X
8	04/05/22						IL	62715	150.00	X	X	X	X
9	04/05/22						OH	44251	150.00	X	X	X	X
10	04/19/22						GA	31907	35,657.53	X	X	X	X
11	04/07/22						NY	07310	150.00	X	X	X	X
12	06/06/22						GA	31909	2,933.00	X	X	X	X
13	05/03/22						GA	31904	2,559.02	X	X	X	X
14	04/15/22						GA	31906	15,375.83	X	X	X	X
15	06/24/22						GA	31904	5,077.26	X	X	X	X
16	03/21/22						GA	31909	5,027.42	X	X	X	X
17	04/15/22						GA	31907	105.45	X	X	X	X
18	06/03/22						GA	31904	2,737.45	X	X	X	X
19	06/27/22						GA	31909	31,499.06	X	X	X	X
20	05/05/22						GA	31904	3,021.74	X	X	X	X
21	03/21/22						GA	31909	25,624.56	X	X	X	X
Total									<u>\$149,545.56</u>				

1. For checks received and deposited by the Revenue Division, all checks inspected were noted to have a stamp that read: "For Deposit Only Columbus Cons. Government Concentration Account [REDACTED]" (Acuitas received verbal confirmation from Synovus that this is the City of Columbus' bank account number). For checks deposited through the lockbox at Synovus, all checks inspected were noted to have a processing stamp created by Synovus that reads "For Deposit Only CCG OCCTax." We understand that this stands for "Columbus Consolidated Government Occupational Tax."

2. [REDACTED] was used in an initial 2-transaction random sample to understand better the source documentation to be processed.

Troutman Pepper
City of Columbus
2021 - Items Tested

<u>File #</u>	<u>Batch Date</u>	<u>Batch ID</u>	<u>Account #</u>	<u>Business Trade Name</u>	<u>Business Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>Amount</u>	<u>Check Deposited</u>	<u>Account Noted¹</u>	<u>License Verified</u>	<u>Lockbox Spreadsheet</u>
1	04/09/21						GA	31909	\$ 75.00	X	X	X	X
2	04/29/21						GA	31907	1,678.58	X	X	X	X
3	03/15/21						GA	31909	288.32	X	X	X	X
4	04/29/21						GA	31901	14,966.10	X	X	X	X
5	03/11/21						GA	31901	16,377.90	X	X	X	X
6	03/16/21						GA	31903	2,059.59	X	X	X	X
7	03/30/21						GA	31907	641.37	X	X	X	X
8	03/26/21						GA	31909	18,004.42	X	X	X	X
9	03/31/21						GA	31909	12,187.56	X	X	X	X
10	03/24/21						GA	31907	11,278.37	X	X	X	X
11	04/08/21						GA	31904	804.58	X	X	X	X
12	03/26/21						GA	31909	53.64	X	X	X	X
13	06/03/21						GA	31820	5,307.00	X	X	X	X
14	03/18/21						GA	31901	656.68	X	X	X	X
15	03/24/21						GA	31909	5,030.41	X	X	X	X
16	03/22/21						GA	31904	2,676.80	X	X	X	X
17	06/01/21						GA	31904	309.37	X	X	X	X
18	03/19/21						GA	31901	1,265.96	X	X	X	X
19	05/07/21						GA	31909	75.00	X	X	X	X
20	04/08/21						GA	31901	392.00	X	X	X	X
21	06/28/21						GA	31909	24,789.96	X	X	X	X
Total									\$ 118,918.61				

- For checks received and deposited by the Revenue Division, all checks inspected were noted to have a stamp that read: "For Deposit Only Columbus Cons. Government Concentration Account [REDACTED] (Acuitas received verbal confirmation from Synovus that this is the City of Columbus' bank account number). For checks deposited through the lockbox at Synovus, all checks inspected were noted to have a processing stamp created by Synovus that reads "For Deposit Only CCG OCCTax." We understand that this stands for "Columbus Consolidated Government Occupational Tax."
- [REDACTED] was used in an initial 2-transaction random sample to understand better the source documentation to be processed.

Troutman Pepper
City of Columbus
2020 - Items Tested

File #	Batch Date	Batch ID	Account #	Business Trade Name	Business Address	City	State	Zip	Amount	Check Deposited	Account Noted ¹	License Verified	Lockbox Spreadsheet
1	05/01/20						GA	319032709	\$ 132.31	X	X	X	X
2	05/04/20						GA	31909	18,316.20	X	X	X	X
3	04/06/20						GA	31909	906.83	X	X	X	X
4	04/02/20						GA	31901	400.00	X	X	X	X
5	03/30/20						GA	31909	75.00	X	X	X	X
6	04/21/20						GA	31904	4,086.00	X	X	X	X
7	03/27/20						AL	36869	1,799.11	X	X	X	X
8	04/02/20						GA	31909	10,357.15	X	X	X	X
9	05/04/20						GA	31904	326.52	X	X	X	X
10	04/17/20						GA	31909	533.32	X	X	X	X
11	04/28/20						GA	31909	6,916.00	X	X	X	X
12	03/31/20						GA	31907	26.52	X	X	see note ²	X
13	02/26/20						GA	31820	187.39	X	X	X	X
14	03/13/20						GA	31909	1,976.00	X	X	X	X
15	03/16/20						NH	03801	75.00	X	X	X	X
16	03/16/20						GA	31909	675.37	X	X	X	X
17	03/10/20						GA	31901	2,823.20	X	X	X	X
18	04/02/20						GA	31908	67.45	X	X	X	X
19	04/02/20						GA	319064583	3,740.31	X	X	X	X
20	04/06/20						GA	31904	194.02	X	X	X	X
Total									<u>\$53,613.70</u>				

1. For checks received and deposited by the Revenue Division, all checks inspected were noted to have a stamp that read: "For Deposit Only Columbus Cons. Government Concentration Account [REDACTED] (Acuitas received verbal confirmation from Synovus that this is the City of Columbus' bank account number). For checks deposited through the lockbox at Synovus, all checks inspected were noted to have a processing stamp created by Synovus that reads "For Deposit Only CCG OCCTax." We understand that this stands for "Columbus Consolidated Government Occupational Tax."

2. Business operations ceased as of 12/31/2019; therefore, 2020 license not required.

(Comments in red are from the Director of Finance for the City of Columbus, Angelica Alexander.)

Troutman Pepper
City of Columbus
2019 - Items Tested

<u>File #</u>	<u>Batch Date</u>	<u>Batch ID</u>	<u>Account #</u>	<u>Business Trade Name</u>	<u>Business Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>Amount</u>	<u>Check Deposited</u>	<u>Account Noted¹</u>	<u>License Verified</u>	<u>Lockbox Spreadsheet</u>
1	04/16/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31901	\$ 262.66	X	X	X	X
2	04/01/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31904	1,487.82	X	X	X	X
3	03/22/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31904	1,200.00	X	X	X	X
4	04/09/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	AL	36867	4,876.21	X	X	X	X
5	03/28/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31909	437.84	X	X	X	X
6	04/04/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31909	159.36	X	X	X	X
7	04/04/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31903	361.78	X	X	X	X
8	04/16/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31907	77.81	X	X	X	X
9	04/19/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31904	1,544.00	X	X	X	X
10	03/21/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31901	1,707.95	X	X	X	X
11	04/19/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31903	197.68	X	X	X	X
12	04/11/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31907	8.84	X	X	see note ²	X
13	04/01/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31904	392.00	X	X	X	X
14	03/28/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31909	859.00	X	X	X	X
15	04/19/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31907	241.04	X	X	X	X
16	04/04/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31906	82.45	X	X	X	X
17	04/01/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31901	1,039.90	X	X	X	X
18	03/28/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	AL	36854	212.66	X	X	X	X
19	04/16/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31901	1,096.24	X	X	X	X
20	04/04/19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	GA	31907	650.69	X	X	X	X
Total									\$16,895.93				

1. For checks received and deposited by the Revenue Division, all checks inspected were noted to have a stamp that read: "For Deposit Only Columbus Cons. Government Concentration Account [REDACTED] (Acuitas received verbal confirmation from Synovus that this is the City of Columbus' bank account number). For checks deposited through the lockbox at Synovus, all checks inspected were noted to have a processing stamp created by Synovus that reads "For Deposit Only CCG OCCTax." We understand that this stands for "Columbus Consolidated Government Occupational Tax."

2. A problem letter was sent to the business and a copy is included in our source documentation; **business ceased operations 11/2018 but problem exists so could not process closure.** (Comments in red are from the Director of Finance for the City of Columbus, Angelica Alexander.)