

**To the Honorable Mayor and Members
of the City Council and Management of
the City of Stonecrest, Georgia**

In planning and performing our audit of the financial statements of the City of Stonecrest, Georgia (the "City") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the City as of and for the year ended December 31, 2020. A separate report dated June 27, 2022 contains our report on material weaknesses in the City's internal control. This letter does not affect our report dated June 27, 2022, on the financial statements of the City.

The following items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the City's practices and procedures:

1) Policy Adoption

During our walkthroughs, review of the City Council minutes, and examination of the City's Internal Control Questionnaires, we noted the City has yet to formally adopt the following policies and/or procedures:

- Information Technology policy, which formalizes the procedures and policies related to set-up, user access, testing of back-up procedures, and emergency changes to the City's software applications.
- A record retention policy for the legal, fiscal, and administrative needs of the City.
- Purchasing – the City should implement and systemize the use of purchase orders within its operations; management and/or governing body approval should be required for purchase orders that exceed established limits per the City's purchasing policy and there should be an adequate segregation of duties for those employees that initiate, approve and record purchase orders within the purchasing cycle.
- Management should establish a well-defined process for financial reporting that includes the following: formal documentation for approval and review of new accounting policy, a system to monitor changes in authoritative guidance and implement necessary changes on a timely basis, use of up-to-date checklists to ensure that all relevant financial information is disclosed appropriately and in accordance with

GAAP, and preparation of supporting analysis and documentation for financial statement disclosures.

We strongly recommend the City's management begin to create and adopt these accounting policies.

2) Capital Asset Software

During our testing of the City's capital assets, we noted the assets are maintained in Microsoft Excel. While the City is still new and developing many of the accounting systems and processes, we strongly recommend the City consider purchasing a system for capital asset maintenance. The schedules and detail listings are much more susceptible to errors with having all of the calculations being based on manually created formulas, as opposed to system generated reports.

3) Whistleblower Hotline Policy

We noted through discussions with management the City does not have a whistleblower hotline in place for the City employees to report instances of potential fraudulent activity happening at the City. We recommend the City implement a whistleblower hotline to mitigate its risks related to fraud.

4) Conflict of Interest Policy

We noted through discussions with management the City does not require conflict of interest statements to be signed by all employees, whether contracted employee or not, and City officials. We recommend the City implement such a policy going forward.

Closing Thoughts

We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

We appreciate serving the City of Stonecrest and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 27, 2022