



CITY OF ATLANTA

City Auditor's Office
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Why We Did This Audit

The City Council requested a review of 2006-2008 expenditures for each Council member and the President's office for compliance with the City Charter and Code in an October 5, 2008, letter to the Integrity Steering Committee.

What We Recommended

Our recommendations are intended to clarify the rules governing council expense accounts and to provide greater transparency and accountability regarding the expenses. The City Council should:

- Adopt an internal policy to specify the types of expenses that are allowed and not allowed – addressing grants, gifts, flowers, donated goods, ads, and project accounts.
- Amend the code to disallow carry-over of unspent funds in individual Council accounts and overspending of annual appropriations.
- Direct the chief financial officer to revise the disbursement request form for council member expenditures to capture the public purpose of the expense.
- Direct the chief financial officer to assist council staff in developing council operating budgets, including a limited contingency account for expenses not covered in line items
- Establish, by ordinance, separate project accounts to fund programs or projects for the public good.
- Request procurement training the beginning of each term
- Seek advice from Law on hiring temporary labor.
- Encourage their staff to attend ethics training for employees.

For more information regarding this report, please contact Amanda Noble at 404.330.6750 or anoble@atlantaga.gov.

Performance Audit:

Council Expenditures

What We Found

Two council members made payments from their expense accounts that violated the city's Code of Ordinances. The payments amounted to about \$48,000, 15% of the over \$300,000 in council expenses we reviewed in detail. The Board of Ethics approved settlement agreements in which the council members acknowledged that they violated the code and agreed to pay the city \$27,950 in fines and repayments.

Three council members made cumulative annual payments to individual vendors that exceeded \$20,000 in fiscal years 2007 and 2008. These payments may have violated the city's procurement code, which requires that purchases over \$20,000 must be competitively bid. These payments totaled about \$100,260, 6.8% of the total payments from council non-salary accounts in fiscal years 2006-2008.

We were unable to determine whether almost one-third of the expenditures we reviewed in detail from fiscal years 2006 through 2008 complied with code provisions due to ambiguity in the code and lack of detail in required support. The city code provides a narrow list of types of expenditures that are explicitly allowed from council member expense accounts. While the code clearly contemplates a broader use of the funds, key terms are not defined. Deciding whether an expense is allowable depends on the public purpose of the expense, which is not captured in supporting documents required by the city. Council members were able to explain why they thought the expenses were for a public purpose or for official city business, but expressed differing interpretations of what these terms mean in practice.

The city's accounting and reimbursement practices for Council member expense accounts lack transparency, which increases risk of error, wrongdoing, or appearance of wrongdoing. Council members have significant discretion in how to spend the money from their expense accounts and, because they can carry unspent funds over from year-to-year, have relatively large amounts of funds available. Council expense account balances as of November 30, 2008, were about \$2.2 million.