



CITY OF ATLANTA
City Auditor's Office
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February 2024

Performance Audit:

Council Expense and Carry Forward Accounts

What We Found

City Council members could improve controls over spending by developing policies and procedures, including documenting council member approval of expenditures. Council is not currently enforcing segregation of financial duties; for example, one council member staff created invoices on behalf of vendors. City Council should also develop a process for tracking computer equipment purchased for council members and their staff. Strengthening these controls could enhance accountability and prevent a loss of public trust.

Council members could also better safeguard assets and provide greater transparency by including descriptions on invoices with sufficient detail. When invoice descriptions are vague, expenditures could be perceived as campaign expenses, possibly inconsistent with the ethics code. Developing policies that specify expenses that are allowable could enhance consistency in expenditures.

City code provides for council members to make donations that benefit the public good but does not provide a definition of the term, so council members have discretion in how they interpret public good and associated donations. As a result, some council members' purchases reflected a narrow interpretation of the public good. Although council members made most donations through their carry forward accounts, which requires legislative approval, City Council has not developed a policy to designate a donation threshold that requires legislative approval. Without documented policies, expenses and donations may lack transparency, and funds could potentially be misused. In addition, without guidance from the Ethics Office and disclosure of personal and financial interests, council members' donations could present a conflict of interest.

Lastly, City Code Section 2-39 states that council members should transfer any unspent carry forward funds to the general fund when leaving office. City Council, however, generally kept the carry forward funds in the same district through legislation rather than transferring them to the general fund.

Why We Did This Audit

We undertook this audit to assess compliance of council expenses and donations with city charter and code provisions because council members' transactions undergo less scrutiny than those of executive branch departments.

What We Recommended

To strengthen controls and improve consistency with city code, the council director should request authorization from City Council to:

- enforce segregation of duties in all financial transactions
- develop a policy that defines expenditure approvals
- develop a process for documenting invoices with sufficient detail to describe public purpose
- provide ongoing training on procurement code requirements
- develop written procedures for tracking computer equipment
- develop procedures for making donations
- work with the Department of Law to define public good
- develop a policy to clearly specify the allowable expenses
- inform council members that they are required by code to disclose affiliations
- prepare for City Council consideration an amendment of city code to allow the practice of transferring the carry forward balances from the outgoing to incoming council member

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses		
<p>Recommendation #1: We recommend that the council director request authorization from City Council to enforce segregation of duties in all financial transactions and require documented council member approval for all expenditures.</p>		
<p>Response: Partially Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): May 2024</p>
<p>Recommendation #2: We recommend that the council director request authorization from City Council to develop a documented policy that defines required expenditure approvals, which will help mitigate risks, ensure compliance, and strengthen financial controls.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): May 2024</p>
<p>Recommendation #3: We recommend that the council director request authorization from City Council to develop a process for documenting invoices with sufficient detail in ATLCLOUD for transparency.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #4: We recommend that the council director request authorization from City Council to develop an internal policy to more clearly specify the types of expenses that are allowed and not allowed from City Council expense accounts.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #5: We recommend that the council director request authorization from City Council to provide ongoing training to council members and council member staff on procurement code requirements.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>

<p>Recommendation #6:</p> <p>We recommend that the council director request authorization from City Council to develop written procedures for tracking computer equipment and create an inventory list of all computer equipment issued to council members and staff.</p>		
<p>Response: Agree</p>	<p>Status: Partly Implemented</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #7:</p> <p>We recommend that the council director request authorization from City Council to develop procedures for making donations, including what donations are allowable and thresholds for making donations from distribution and carry forward accounts, and provide training to council members and council member staff on these procedures.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #8:</p> <p>We recommend that the council director request authorization from City Council to work with the Department of Law to define public good in city code and/or in internal City Council policy.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #9:</p> <p>We recommend that the council director request authorization from City Council to inform council members that they are required by the city's Code of Ethics to disclose personal and business affiliations before voting on all legislation (including donation legislation) and seek advice from the Ethics Office when necessary.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>
<p>Recommendation #10:</p> <p>We recommend that the council director request authorization from City Council to prepare for City Council consideration an amendment of city code to allow the practice of transferring the carry forward balances from the outgoing to incoming council member of the same district.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): June 2024</p>