
FORENSIC AUDIT SERVICES

PRESENTATION TO FINANCE/EXECUTIVE COMMITTEE

JUNE 16, 2021

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SCOPE OF ENGAGEMENT

- Review of improper payments, previously identified to gain an understanding of specific control overrides and weaknesses in existing internal controls that allowed the inappropriate financial transactions to occur.
- A risk assessment of transactions conducted during the specified audit period to identify additional transactions subject to control overrides and internal control weaknesses that may have resulted in misconduct, misappropriation of funds, or improper payments.
- Creation and execution of a test plan to include the sampling methodology, audit criteria and attributes proposed to review the high-risk transactions identified during the risk assessment for propriety (subject to City Auditor approval prior to commencement).

FINDINGS OVERVIEW

- Jim Beard was able to effect the reported actions and/or transactions reviewed in this engagement, largely because of the following:
 - Deficient policies and internal controls surrounding credit card usage by executive level personnel of the City of Atlanta; and,
 - Management overrides of existing and sufficient internal controls caused, in part, because of the lack of a proper “tone at the top” culture at the City of Atlanta, from 2011 to 2018.

FIREARMS ACQUISITION

- Glock 43 handgun
 - Ordered through APD requisition
 - Transaction coded as consumable supplies for Executive Protection Unit
- Glock 19 handgun
 - Purchase initiated by Beard
 - Transaction coded as consulting/professional services for Department of Finance Chief Executive
- Daniel Defense Rifles
 - Purchase initiated by Beard
 - Transaction coded as consulting/professional services for Non-Departmental Reservation of Fund Appropriations

ABUSE OF CITY CREDIT CARD

- Ethics Board found that Beard failed to provide the city with sufficient documentation to support a business justification for 41 credit card charges totaling \$94,600.27

ABUSE OF AUTHORITY – EXECUTIVE BONUSES

- Executive bonuses totaling \$631,129 were gifts that violated the gratuities clause
- Beard instructed his Accounts Payable staff to process the bonus payments, which included a \$15,000 bonus grossed up to \$21,261 for himself
 - Did not document justification or authorization
- Process circumvented normal controls and resulted in errors
 - processed through the accounts payable system rather than the payroll system
 - After making payments, Finance processed balance adjustments in the payroll system to ensure the income was included on employee W-2s

RECOMMENDATIONS

- Address and improve internal controls surrounding the use of City of Atlanta credit cards;
- Engage a consulting firm to provide training and assist the City in implementing a strong and positive Tone at the Top culture for the City. This undertaking should be sponsored and led jointly by Mayor Keisha Lance Bottoms and City Council President Felicia Moore.

QUESTIONS?

Full Report: [Forensic Audit Services - June 2021 - City of Atlanta, City Auditor's Office \(atlaudit.org\)](#)