

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Board of Commissioners of Gwinnett County
Lawrenceville, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gwinnett County, Georgia (the "County") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2023. Our report includes a reference to other auditor's. Other auditor's audited the financial statements of the Gwinnett County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditor's. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 29, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Commissioners of Gwinnett County
Lawrenceville, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gwinnett County, Georgia's (the "County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 29, 2023

GWINNETT COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

(1) Summary of Auditor's Results

Financial Statements

- (a) The type of auditor report issued on whether the financial statements audited were prepared in accordance with GAAP: **unmodified**
- (b) Internal control over financial reporting:
Material weaknesses identified: **no**
Significant deficiencies identified: **none reported**
- (c) Noncompliance material to the financial statements noted: **no**

Federal Awards

- (d) Internal control over major federal programs:
Material weaknesses identified: **no**
Significant deficiencies identified: **yes**
- (e) The type of report issued on compliance for major federal programs: **unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **yes**
- (g) Major Programs:
Emergency Rental Assistance – Assistance Listing Number: #21.023
Federal Transit Cluster – Assistance Listing Number: #20.507
Coronavirus State and Local Fiscal Recovery – Assistance Listing Number: #21.027
Highway Planning & Construction Cluster – #20.205/#20.219
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Audit qualified as a low-risk auditee under the Uniform Guidance: **yes**

GWINNETT COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

Finding: 2022-001

U.S. Department of Treasury

Program Name: COVID 19: Emergency Rental Assistance Program

Assistance Listing Number: 21.023

Eligibility

Criteria: In accordance with Uniform Guidance 2 CFR 200.516 – *Audit Findings*, known or likely fraud affecting a Federal Award, as well as known questioned costs that are greater than \$25,000 must be reported as audit findings in the schedule of findings and questioned costs.

Condition: Although the County has controls in place to ensure compliance with their Emergency Rental Assistance Program's policies and procedures, which include fraud prevention procedures, fraud did occur. During 2022, the County discovered (and reported to the auditor's) that, during 2022, eight (8) landlord applicants committed fraudulent activity that included the submission of documents modified electronically prior to their submission, stolen identity, misrepresentation and inability to repay funds within a timely manner. Funds were disbursed to these applicants prior to the County becoming aware of the fraud.

Cause: Eight (8) landlord applicants committed fraudulent activity.

Effects: Eight (8) applicants received funding, although the fraudulent activity was committed by the applicants.

Questioned Costs: \$144,692

Recommendation: We recommend the County strengthen procedures and/or implement additional procedures to reduce the potential of fraud occurring.

GWINNETT COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

(3) Findings and Questioned Costs Relating to Federal Awards (Continued)

Finding: 2022-001

U.S. Department of Treasury

Program Name: COVID 19: Emergency Rental Assistance Program

Assistance Listing Number: 21.023

Eligibility

Auditee's Response: In addition to continuing to follow the County's policies and procedures developed in accordance with Emergency Rental Assistance guidelines established by the U.S. Department of Treasury, the County implemented additional procedures in May 2022 to enhance fraud prevention activities. The updated procedures required HomeFirst Gwinnett, the subrecipient managing the Emergency Rental Assistance Program, to perform additional verification and approval procedures to detect fraudulent applications before they are presented for payment. HomeFirst Gwinnett would no longer accept documentation that had been completely generated electronically as sole proof of property ownership and added another level of file review of property deed records for landlord property owners utilizing the authorized property deed record website. All assistance above \$10,000 will require final review/approval by the HomeFirst Gwinnett director or manager. As new applicants input their information into the County's vendor portal, the Treasury Division in the Department of Financial Services would verify the validity of those records and would not allow the registration to complete unless they met the required criteria. Any suspicious activity was reported to management promptly, and for suspected fraudulent applicants, those applicants accounts were locked as a preventative control so that no future transactions could be processed while the account was under investigation. For individual landlords, ACH payment was no longer an option, and they were required to physically present a valid picture ID to receive a check at the Program Office. Additional training on the revised procedures was provided to program staff.

While the additional prevention measures noted above did deter fraudulent attempts made on the program, Gwinnett County tracked and reported eight landlord cases of suspected fraud in 2022. The suspected fraud was forwarded to Gwinnett County Police Department's (GCPD) Financial Crimes Unit. Any funds recovered will be returned to the U.S. Department of the Treasury.

Gwinnett County's emergency rental assistance program, Project RESET 2.0 (PR2.0), concluded on Thursday, December 29, 2022.

GWINNETT COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

Finding: 2021-001

U.S. Department of Treasury

Program Name: COVID 19: Emergency Rental Assistance Program

Assistance Listing Number: 21.023

Eligibility

Criteria: In accordance with Uniform Guidance 2 CFR 200.516 – *Audit Findings*, known or likely fraud affecting a Federal Award, as well as known questioned costs that are greater than \$25,000 must be reported as audit findings in the schedule of findings and questioned costs.

Condition: Although the County has controls in place to ensure compliance with their Emergency Rental Assistance Program's policies and procedures, which include fraud prevention procedures, fraud did occur. The County discovered (and reported to the auditor's) that four (4) landlord submitted documents that were modified electronically prior to their submission. Funds were disbursed to these applicants prior to the County becoming aware of the fraud.

Questioned Costs: \$294,485

Auditee Response/Status: Unresolved. See attached Management's Corrective Action Plan for 2022-001.