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William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and
City of Dunwoody Audit Committee
Monday November 9, 2015

Internal Audit work in this quarter -

- a. Continuous Monitoring of Quarterly Financial Report.
- b. Internal Controls over IT access and security.
- c. Assessment of grant management process with PCID.
- d. Internal Audit Plan for 4th quarter.
- e. Internal Audit Plan for 2016.

Continuous Monitoring of Quarterly Financial Report - As part of the 2015 Internal Audit Plan, I performed the procedures listed in the scope section below on the Financial Report through August 31, 2015.

Scope -

- a. Reviewed for reasonableness the Financial Report through August 31, 2015, noting reasonableness.
- b. Read Chris Pike's Council memo on the Financial Report for August 31, 2015, noting reasonable and understandable explanations.

Audit Summary - In connection with the scope of my work described above, of the Financial Report through August 31, 2015, I identified no city expenditures or other financial matters that I as the internal auditor determined to be not in compliance with (a) the provisions of the charter, (b) the applicable city budget, and (c) applicable ordinances, resolutions, or other actions duly adopted under the provisions of the charter.

Internal Controls over IT access and security

Scope -

- a. Requested and received City of Dunwoody IT policy and procedures, noting reasonableness and that subjects such as physical security, logical security, encryption and passwords are appropriately covered.
- b. The IT security is outsourced to vendor InterDev who provides competent personnel based on my observation and interviews.
- c. Annually the City of Dunwoody engages another vendor, TraceSecurity, Inc. to audit the IT Vendor. TraceSecurity, Inc. issues a report with detail technical observations and findings. The City of Dunwoody addresses and fixes each year the critical findings. In reviewing the reports, I noted no repeat critical findings, which is a best practice.

Audit Summary - In connection with the scope of my work described above, of IT security, I identified no city expenditures or other financial matters that I as the

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internal auditor determined to be not in compliance with (a) the provisions of the charter, (b) the applicable city budget, and (c) applicable ordinances, resolutions, or other actions duly adopted under the provisions of the charter. In addition the policies which provide internal controls for IT access and security were reasonable.

Assessment of grant management process with PCID

a. Director of Finance and Director of Public Works asked Internal Audit to review documentation when the City engages the PCID related to pass through grant costs, because another municipality had audit findings in this area and Dunwoody did not want to have the same findings.

b. Internal Audit read key parts of the GDOT publication Local Administered Project Manual to become familiar with the rules and regulations governing pass through grants.

c. Internal Audit requested and reviewed documentation on four grants administered for the City of Dunwoody by the PCID and found the documentation in the design, bidding and construction phases maintained by the PCID adequate. Internal Audit transferred the documentation to the City of Dunwoody to maintain.

Recommendation - While the PCID had the documentation, the City of Dunwoody would be held responsible by GDOT if documentation were not available. I recommend the City of Dunwoody implement a process to maintain the documentation in real time instead of requesting it after the fact. Both Dunwoody and the PCID are in agreement with this recommendation.

Internal Audit plan for remainder of 2015 -

- a. 4th Quarter 2015 - Procurement Card: This report will provide comments on the pcard policy, oversight of the policy and compliance with the policy, same as the prior years plus in 2015, the scope will be increased to include fuel card purchases, primarily used for police cars.

Discussion of suggestions and recommendations for 2016 Internal Audit plan

Respectfully submitted,
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City Internal Auditor
City of Dunwoody

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