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William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and
City of Dunwoody Audit Committee
Monday August 8, 2016

Internal Audit work in this quarter -

- a. Continuous Monitoring of Quarterly Financial Report.
- b. Municipal Court
- c. Internal Audit Plan for next quarters.

Continuous Monitoring of Quarterly Financial Report - As part of the 2016 Internal Audit Plan, I performed the procedures listed in the scope section below on the Financial Report through May 31, 2016.

Scope -

- a. Reviewed for reasonableness the Financial Report through May 31, 2016, noting reasonableness.
- b. Read Chris Pike's Council memo on the Financial Report for May 31, 2016, noting reasonable and understandable explanations.
- c. Read the variance explanations related to the questions raised by Mayor and City Council, noting reasonable and understandable explanations and that it's a positive internal control for the Mayor and City Council to review and question items. All questions were answered to the satisfaction of the Mayor and City Council.

Audit Summary - In connection with the scope of my work described above, of the Financial Report through May 31, 2016, 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.

Municipal Court - As part of the 2nd Quarter 2016 Internal Audit Plan, I started to perform the procedures listed below in the scope section in Municipal Court for the City of Dunwoody. Procedures related to why were Municipal Court revenues down in 2015 compared to 2014 were completed to my satisfaction, items (2) and (4) below. The other parts items (1) and (3) of the scope were deferred until after a mutually agreed larger project by the Finance Department is completed. Completion of the Finance project as well as the internal audit, expected before year end.

Scope - as planned - 2nd Quarter 2016 - Municipal Court Internal Audit following up on prior year audits, including (1) quarterly reconciliations of bond liability account and outstanding fees imposed by Municipal Court of over \$1 million and 2,000 cases which should have standard monthly reports developed to track balance, aging of

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accounts and collections. (2) Assess or validate reasons why revenues are down such as less tickets being written? Or possibly turn over? (3) Evaluate process and internal controls related to recording revenue, from ticket, to judge's decision, to cashier, to probation collection and or write off. (4) Ensure Dunwoody has implemented provisions of 2015 HB 310.

a. Item (2) Assess or validate reasons why revenues are down such as less tickets being written? Or possibly turn over? (4) Ensure Dunwoody has implemented provisions of 2015 HB 310.

1. Municipal Court prepared a schedule of the number of citations by the larger fine categories and noted these were down between the two years for such reasons as, speed limit increased on I-285 resulting in less super speeder fines, as well as less citations written for no insurance, no license, and speeding.

2. Municipal Court revenues decreased related to attrition of Municipal Court staff. The temporary staff vacancies were managed with fewer court cases assigned to each session, which resulted in a slowdown (temporary delay) of cases going to court. The situation self-corrected and cases caught up to date as positions were filled and trained. Plus in part related to turn over, in 2015 there was no amnesty program, a program which had brought in over \$31,000 in 2014. The amnesty program is back again in 2016.

3. Implementing the provision of 2015 HB 310, resulted in less revenues as accounts had to be written off because of the required retroactive provisions of HB 310.

Audit Summary - In connection with the scope of my work described above, of the City of Dunwoody's Municipal Court, 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.

The controls and procedures supporting the Municipal Court procedures tested were deemed adequate. In addition the policies which provide internal controls for the segregation of duties were being followed in all cases selected in the detailed test.

Internal Audit plans for 2016 by quarter -

a. 3rd Quarter 2016 - Cash handling process, procedures and evaluation of internal controls over cash.

b. 4th Quarter 2016 - Procurement Card: This report will provide comments on the pcard policy, oversight of the policy and compliance with the policy, and includes fuel card purchases, primarily used for police cars. In addition, the audit to include review of reimbursements to Mayor, City Council, and employees.

c. Complete items (1) and (3) above of 2nd quarter internal audit work in scope, after Finance project is completed.

Respectfully submitted,
William J. Mulcahy, CIA
City Internal Auditor
City of Dunwoody

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