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Mayor and City Council, City of Dunwoody and  
City of Dunwoody Audit Committee  
Monday February 13, 2017

### Internal Audit work in this quarter –

- a. Continuous Monitoring of Quarterly Financial Report.
- b. Purchasing Card process and procedures, with testing of transactions in one month.
- c. Follow up on Municipal Court recommendations.
- d. Internal Audit Plan for next quarters.

**Continuous Monitoring of Quarterly Financial Report** – This audit is deferred, as is normal for the fiscal year end, as it takes longer to close the books at year end.

**Purchasing Card Process and Procedures Report** – As part of the 4<sup>th</sup> Quarter 2016 Internal Audit Plan, I performed the procedures listed below in the scope section on the City of Dunwoody's Purchasing Card program, including gasoline cards for purchase of gas for police cars, and reimbursements to the Mayor and City Council.

### Scope –

- a. Reviewed for reasonableness the City of Dunwoody, Finance and Administration Department, Purchasing Card Policies noting the policies provide for segregation of duties between purchasing and approval and the policies had provisions for: Program Administration, Roles and Responsibilities, Use of the Card, Program Compliance and Legal Issues.
- b. Reviewed and found reasonable the form that card holders are responsible to review and sign that they know, understand and will comply with the policies.
- c. Reviewed the list of card holders, noting recognizable names for City Manager, CFO and other employees, and at the same time noting a proper segregation of duties between Program Administration, Accountant, Purchaser and Auditor responsibilities. As noted in my report last year, Mayor and City Council had turned in their purchasing cards, and I noted this year that they have not returned to the purchasing card approved list.
- d. Selected one monthly statement for detailed review.
- e. Read both the commercial account summary statement and 311 pages of detail support of the transactions, noting reasonableness and no unusual items.
- f. City procedures include verification that p-card receipts are not also used in reimbursements via accounts payable.

- g. Review Police Department procedures over review and analytics related to gas credit card to make Police car gas purchases and enforcement of the 25 mile take home Police car limit.
- h. Reviewed reimbursements to the Mayor and City Council for the month of September 2016, noting no exceptions or unusual item.

**Audit Summary** - In connection with the scope of my work described above, of the City of Dunwoody's monthly commercial account statements (pcards and Police gas cards) and reimbursements to the Mayor and City Council, 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 Purchasing Card Process and procedures 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.

#### **Follow up on Municipal Court recommendations.**

Pleased to report that after a couple of years of internal audit reporting on the cumbersome and time consuming process of reconciliations of bond liability accounts and outstanding fees imposed in Municipal Court, Finance in cooperation with Municipal Court has automated the reconciliation process and developed a process to track balance, aging of accounts, collections and payments. During the process, payments due to the State but not paid were identified and paid, as well as numerous reconciling items were researched and resolved. I am satisfied my earlier recommendations have now been implemented.

#### **Internal Audit plan for 2017 by quarter -**

- a. 1<sup>st</sup> Quarter 2017 – payroll and 1099s processing policy, practices and reporting.
  - b. 2<sup>nd</sup> Quarter 2017 – Managing cyber security threats.
  - c. 3<sup>rd</sup> Quarter 2017 – Review of Municipal Court calculations and timely payments to State for the funds collected in Municipal Court that must be transferred to the State. Review how collections by probation vendor are considered in those calculations.
  - d. 4<sup>th</sup> Quarter 2017 - 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, used for police cars. In addition, the audit to include review of reimbursements to Mayor, and City Council, as they no longer have pcards.
- While the list above is my suggestion for internal audits by quarter in 2017, know that the list below could also be included. I am open to suggestions from the Audit Committee, Mayor and City Council, as well as the City Manager, CFO and others.
  - Purchasing / Procurement policy and procedures.
  - Accounts payable policy and procedures.

- Police Department.
- Permit fees revenue and expense.
- Ethics and conflict of interest policy and procedures.
- Homestead Optional Sales Tax (HOST) funds.
- Alcoholic Beverage Excise tax, and Alcoholic Beverage Licenses, policy & procedures
- Parks and recreation.
- Property tax collections by Dunwoody from DeKalb County
- Other

Respectfully submitted,  
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City Internal Auditor  
City of Dunwoody

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