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William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and
City of Dunwoody Audit Committee
Monday May 8, 2017

Internal Audit work in this quarter –

- a. Continuous Monitoring of Quarterly Financial Report.
- b. Payroll and 1099s processing policy, practices and reporting.
- c. Internal Audit Plan for next quarters.

Continuous Monitoring of Quarterly Financial Report – As part of the 2017 Internal Audit Plan, I performed the procedures listed in the scope section below on the Financial Report through March 31, 2017.

Scope –

- a. Reviewed for reasonableness the Financial Report through March 31, 2017, noting reasonableness.

Audit Summary - In connection with the scope of my work described above, of the Financial Report through March 31, 2017, I identified no city expenditures or other financial matters that 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.

Payroll and 1099s processing policy, practices and reporting, I performed the procedures listed below in the scope section below,

Scope –

- a. Requested, received, and reviewed City of Dunwoody Payroll and 1099 policy and procedures, noting reasonableness and proper segregation of duties between detail record keeping, such as preparation of time card, accumulation of employee time, input of salary, deductions, etc. and review.
- b. Payroll processing is outsourced to ADP, with City of Dunwoody preparing the input, and reviewing the output.
- c. Reviewed the w-2 forms prepared for 2016 for reasonableness.
- d. Selected the three highest paid employees to test documentation of their salary amounts, noting reasonableness and that salaries had been properly approved.

e. Requested additional information on employees which seemed like an anomaly, such as two employees with same address. All information provided timely with reasonable explanations.

f. Noted only three paycheck errors in last 15 months, usually involving vacation pay or last pay check for terminated employee.

g. Reviewed the 1099 forms prepared for 2016 for reasonableness.

h. Selected two 1099 vendors for more detail testing and found the 1099s were properly recorded and reported.

Audit Summary - In connection with the scope of my work described above, 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 Payroll and 1099s processing policy, practices and reporting 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 plan for 2017 by quarter -

a. 1st Quarter 2017 – Payroll and 1099s processing, policy, practices and reporting.

b. 2nd Quarter 2017 – Property tax payments to Dunwoody from DeKalb County

c. 3rd 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. 4th 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.

Respectfully submitted,
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City Internal Auditor
City of Dunwoody

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